



**FOREIGN  
BROADCAST  
INFORMATION  
SERVICE**

# ***Daily Report***

---

## **China**

FBIS-CHI-93-102  
Friday  
28 May 1993

# Daily Report

## China

FBIS-CHI-93-102

### CONTENTS

28 May 1993

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

#### INTERNATIONAL AFFAIRS

##### General

Spokesman on Tibet Demonstration, MFN Status [Beijing International] .....	1
Chen Muhua Addresses Year of Family Meeting [XINHUA] .....	1
Sihanouk: No Compromise in Cambodian Neutrality [XINHUA] .....	1
DKP Demonstrates Against Cambodian Election [XINHUA] .....	1
UN Adopts Resolution on Cyprus Peacekeeping [XINHUA] .....	2

##### United States & Canada

President Clinton To Extend MFN Status [XINHUA] .....	2
Calls MFN 'Done Deal' [XINHUA] .....	3

##### Central Eurasia

St. Petersburg Mayor Praises Beijing's Reforms [XINHUA] .....	3
---	---

##### Northeast Asia

Official Briefs Japanese on Tibet's 'Democracy' [Lhasa Tibet] .....	3
NPC's Ni Zhifu Meets Japanese Union Leader [XINHUA] .....	3
Qian Qichen Continues Official Visit to ROK .....	3
Meets Foreign Minister Han [XINHUA] .....	3
Qian Holds News Conference [XINHUA] .....	4
DPRK Premier Proposes Talks to ROK Premier [Beijing International] .....	4

##### Southeast Asia & Pacific

Official Defends Detention of Vietnamese Ships	
[Hong Kong SOUTH CHINA MORNING POST 28 May] .....	5
Chinese Consulate Opens in Ho Chi Minh City [XINHUA] .....	5
NPC's Wang Hanbin Receives Thai Delegation [XINHUA] .....	6

##### Near East & South Asia

'Roundup' Views Pakistan Premier's Restoral [XINHUA] .....	6
--	---

##### Sub-Saharan Africa

Deputy Foreign Minister Leaves Eritrea [XINHUA] .....	6
Editorial Views Diplomatic Ties With Eritrea [RENMIN RIBAO 26 May] .....	7
NPC's Qiao Shi Attends African Day Reception [XINHUA] .....	7
Envoy Visits Mauritanian Prime Minister [XINHUA] .....	8

##### West Europe

Swedish Professor Receives Technology Award [XINHUA] .....	8
--	---

##### East Europe

Croatian President Tudjman To Visit China [XINHUA] .....	8
Air Force Flies Ill Czech Official to Facility [XINHUA] .....	8

##### Latin America & Caribbean

Reportage on Zhu Rongji's Visit to Mexico .....	9
Meets Overseas Chinese Groups [XINHUA] .....	9
Meets President Salinas [XINHUA] .....	9
Leaves Mexico for Brazil [Beijing Radio] .....	9

Wei Jianxing Receives Ecuadoran Party Group [XINHUA] .....	9
--	---

## NATIONAL AFFAIRS

### Political & Social

1 Policeman Killed, 2 Injured in Tibet 'Riots' [Hong Kong MING PAO 28 May] .....	10
Three Democracy Activists Arrested in Guangzhou [Hong Kong SOUTH CHINA MORNING POST 28 May] .....	10
Specialist Said To Treat Wang Juntao in Prison [Hong Kong CHING CHI JIH PAO 28 May] .....	11
Jiang Zemin on Hong Kong, Tibet, Other Issues [Hong Kong MING PAO 28 May] .....	11
Commentator Urges Cadres To Take Responsibility [RENMIN RIBAO 22 May] .....	12
Cadres Urged To Preserve Public Service Image [RENMIN RIBAO 21 May] .....	13
Article Discusses Social Impact of Reform [CHINA DAILY 27 May] .....	14
College Students' Military Training Viewed [Hong Kong LIAOWANG OVERSEAS EDITION 17 May] .....	16
Central Official on Railroad Security in Guizhou [Guiyang Radio] .....	17
'Pen Talk' on Establishing a Newspaper Market [RENMIN RIBAO 20 May] .....	18
Beijing Bans First Club for Homosexuals [Hong Kong MING PAO 19 May] .....	19
CAAC Introduces New Booking Requirements [ZHONGGUO XINWEN SHE] .....	20
Ding Guangen Addresses CCTV Work Seminar [Beijing TV] .....	20
State To Alter Film Distribution, Profit System [XINHUA] .....	20
Li Ruihuan, Li Tieying Meet Athletes [XINHUA] .....	21
Trade Union Federation Head Inspects Guangxi [Nanning Radio] .....	21

### Science & Technology

Aerospace Official Discusses Satellite Industry [Beijing International] .....	22
Yangtze River Valley Microwave Network Planned [XINHUA] .....	23

### Military

Official on Assigning Jobs to Demobilized Cadres [JIEFANGJUN BAO 19 May] .....	23
Commentary on Issue [XINHUA] .....	24
Air Force Stresses Officer Training [XINHUA] .....	25
Shenyang Military Region Launches Training Plan [Beijing TV] .....	25

### Economic & Agricultural

State Urges Alleviating Farmers' Burdens [XINHUA] .....	26
World Notes PRC's 'Financial Muscle' [XINHUA] .....	26
Regulations for Open Zone Imports, Exports [FAZHI RIBAO 21 May] .....	27
Article on Growth of Socialist Market Economy [JINGJI GUANLI 5 Jan] .....	28
Official Expects 'Drastic Fall' in Renminbi [Hong Kong MING PAO 21 May] .....	30
State Council Discusses Draft Economic Laws [XINHUA] .....	31
Industrial Profits Increase in First Quarter [CHINA DAILY 24 May] .....	32
Agency Tightens Industrial Pollution Controls [CHINA DAILY 26 May] .....	32
Firm Works 'Miracles' in Tunnel Construction [RENMIN RIBAO 20 May] .....	33
Millions of Surplus Agrarian Workers 'Likely' [CHINA DAILY 26 May] .....	33
Ministry Cancels 43 Emulation Programs [XINHUA] .....	33
Ministry Lists Ways To Correctly Collect Funds [XINHUA] .....	34
'Fake Farming Goods' Prompt Farmers' Discontent [CHINA DAILY 26 May] .....	34
Li Lanqing Addresses Grain Procurement Meeting [XINHUA] .....	35

## REGIONAL AFFAIRS

### East Region

Fujian Real Estate 'Whirlwind' Raises Concerns [ZHONGGUO XINWEN SHE] .....	37
Shandong Economic Development Report [DAZHONG RIBAO 30 Apr] .....	37
Shanghai Crude Oil Exchange Opens 27 May [XINHUA] .....	47

### Central-South Region

Reportage on Guangdong CPC Committee Plenum .....	47
Xie Fei Presides, Speaks [Guangzhou Radio] .....	47
Name List of Party Committee [Guangzhou Radio] .....	47

Standing Committee 'Younger' [Hong Kong THE STANDARD 28 May]	48
Figures on Shantou Drug Crackdown, Arrests [ZHONGGUO XINWEN SHE]	48
Guangxi Secretary on County Comprehensive Reform [Nanning Radio]	48
Education Commission Approves Hainan Reforms [ZHONGGUO XINWEN SHE]	49
'Stronger Measures' Against Hainan Crime Urged [ZHONGGUO XINWEN SHE]	50
Hainan Reforms Public Order Procedures [ZHONGGUO XINWEN SHE]	50

#### Southwest Region

Tibet Manufacturing, Industries Plans Viewed [XINHUA]	50
Lhasa Among Country's 'Least Polluted' Cities [ZHONGGUO XINWEN SHE]	50

#### Northeast Region

Heilongjiang's Agricultural Production Situation [HEILONGJIANG RIBAO 9 May]	51
---	----

#### PRC MEDIA ON TAIWAN AFFAIRS

Cross-Strait Air Transportation Seminar Ends [XINHUA]	52
Commentary on 'No Way' for Taiwan To Join UN [ZHONGGUO TONGXUN SHE]	52
Commentary Urges Taiwan Correct Trade Imbalance [Beijing Radio]	53
PRC Pledges To Implement Wang-Ku Agreements [XINHUA]	54

#### TAIWAN

Taipei 'Disappointed' With Shanghai Air Meeting [CNA]	55
Taipei, Beijing Probe 'Liquid Heroin' Seizure [CNA]	55
Intellectual Property Rights Bureau Planned [Taipei Radio]	55
Government To Discuss Copyrights With U.S. [CNA]	56
Paraguay Economic Cooperation Meeting Opens [CNA]	56
President Meets Asia-Pacific Jaycees Conferees [CNA]	56
Addresses Conference Opening [CNA]	56
Group Asks Cable TV To Pay for Music Rights [Taipei Radio]	57

#### HONG KONG & MACAO

##### Hong Kong

PRC, UK Prepare for Fourth Round of Talks	58
PRC Officials on 'Obstacle' [ZHONGGUO XINWEN SHE]	58
Lu Ping on Prospects of Talks [Hong Kong TA KUNG PAO 28 May]	58
PRC, UK Start 4th Round [XINHUA]	59
Editorial on Call for Information From Talks	
[Hong Kong SOUTH CHINA MORNING POST 27 May]	59
PRC-UK Talks on HK Defense Set for Jun [XINHUA]	59
Talks on Airport Financing To Resume 4 June	
[Hong Kong SOUTH CHINA MORNING POST 28 May]	60
Editorial Criticizes Backdown on Piracy Protest	
[Hong Kong SOUTH CHINA MORNING POST 27 May]	60



## General

### Spokesman on Tibet Demonstration, MFN Status

OW2805110193 Beijing China Radio International in English to Western North America 0400 GMT  
28 May 93

[From the "Current Affairs" program]

[Excerpts] [Passage omitted] [Begin recording of reporter (Li Peichen), who attended the Foreign Ministry 27 May briefing in Beijing] Regarding the Monday [24 May] demonstration in Lhasa, where protesters attacked government buildings and smashed car windows, spokesman Wu Jianmin confirmed some foreigners were involved in the event. He said public security forces examined their documents, gave them a warning, and asked them to leave the spot. [end recording]

[Begin recording of an interpreter at the news briefing] What happened in Lhasa is an internal affair of China, and it is absolutely justified to stop law-breaking acts and maintain law and order. The public order in Lhasa has come back to normal, and therefore the concerns by foreign countries over this are not necessary. [end recording]

[passage omitted]

[Begin reporter recording] And finally, discussing China's MFN [most favored nation] trade status, Wu Jianmin said China is firm in its opposition to any condition the U.S. would attach to the MFN status. [end recording]

### Chen Muhua Addresses Year of Family Meeting

OW2805084693 Beijing XINHUA in English  
0814 GMT 28 May 93

[Text] Beijing, May 28 (XINHUA)—The five-day Asian and Pacific preparatory meeting for the International Year of the Family (IYF) closed here this morning, after adopting the "Beijing Declaration on the Family in Asia and Pacific" and the "Recommendation on the Places of Family in Social Development."

Attending the meeting were representatives from 26 countries and regions in the Asian and Pacific area and observers from 17 United Nations bodies and non-government organizations.

At the meeting, they exchanged information on the conditions of families in the area as well as the efforts they made for the international year of the family.

Chen Muhua, vice-chairman of the Standing Committee of the National People's Congress, said at the closing session that the meeting was very helpful to Asian and Pacific countries and regions in implementing their family policies according to their own conditions.

"It will also help them organize all kinds of activities during the International Year of the Family in 1994," she said.

Mr. Henryk J. Sokalski, coordinator for IYF, highly praised this preparatory meeting. "This meeting gives a wonderful demonstration that people from different countries and regions can cooperate very well for one purpose," he said, adding that "I think this meeting can take great effect on the future development of family in the Asian and Pacific region."

He also awarded six medals of honor to organizations from six countries for their efforts in preparing the IYF.

### Sihanouk: No Compromise in Cambodian Neutrality

OW2705131493 Beijing XINHUA in English  
1301 GMT 27 May 93

[Text] Phnom Penh, May 27 (XINHUA)—The president of Cambodia's Supreme National Council, Prince Norodom Sihanouk, said today that his country would not compromise its neutrality by joining the Association of Southeast Asian Nations (ASEAN) before Vietnam.

In a statement released here, Sihanouk said Cambodia would remain "equidistant" between ASEAN, and the Indochinese states of Vietnam and Laos.

Vietnam and Laos are actively seeking membership of ASEAN which at present comprises Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Sihanouk also said that the problems of Vietnamese residents in Cambodia should be settled by peaceful negotiations between Hanoi and the new government that will result from this week's elections.

On Wednesday, [26 May] Sihanouk told a visiting French parliamentary delegation that he was willing to continue to serve as head of state in any fashion the new National Assembly desired, either through a national election or by assembly vote.

### DKP Demonstrates Against Cambodian Election

OW2805083193 Beijing XINHUA in English  
0755 GMT 28 May 93

[Text] Phnom Penh, May 28 (XINHUA)—About 500 members of the Democratic Kampuchea Party (DKP) today held a demonstration in protest against the country's polling process which entered its last day today.

Spokesman of the United Nations Transitional Authority in Cambodia (UNTAC), Eric Falt, said in a press briefing here today that the DKP members demonstrated peacefully at Sok San, Battambang Province, at 11:00 am (local time).

The demonstration lasted about half an hour and dispersed later upon the request by the UNTAC military personnel from the the Netherlands stationed there, the spokesman said.

Last night, shelling incidents also occurred at Srey Snam District of the northern Siem Reap Province and at

Koulen District of the neighboring Preah Vihear Province, but no injuries were reported, he said.

Fixed polling stations and mobile ones are still operating in the Kampong Cham Province, about 70 kilometers northeast of Phnom Penh, as the province has the largest number of 703,613 registered voters, who will elect 18 members to the constituent assembly.

Eric said three rounds of rockets landed last night at a local office of Funcinpec (National United Front for an Independent, Natural, Peaceful and Cooperative Cambodia) led by Prince Norodom Ranariddh in Battambang Province, injuring one staff there.

An Funcinpec official, who asked not to be identified, told XINHUA today the Funcinpec Party was deeply worried about the safety of its party in the whole country because UNTAC does not have the capability to provide security to its members, particularly in the remote areas.

The polling for the elections of the Cambodian Constituent Assembly which began last Sunday [23 May], is going on normally without violent incidents in the morning, Eric said, adding that UNTAC's projection till last night showing 88.3 percent of the 4.7 million Cambodian voters have cast their ballots.

Meanwhile, Eric officially announced that a meeting of the Cambodian Supreme National Council (SNC) is scheduled Saturday morning at the royal palace to be chaired by SNC Chairman Samdech Norodom Sihanouk, in which UNTAC chief will brief the SNC members about the current polling.

Official counting of the votes, to be conducted by UNTAC officials, will begin Saturday morning at provincial capitals of the whole country.

#### **UN Adopts Resolution on Cyprus Peacekeeping**

*OW2805005893 Beijing XINHUA in English  
0025 GMT 28 May 93*

[By Zhao Renfang]

[Text] United Nations, May 27 (XINHUA)—The UN Security Council this afternoon adopted a resolution on the cost of the UN peace-keeping force in Cyprus (UNFICYP), which has basically settled down the issue.

The resolution decided that, with effect from the next extension of UNFICYP's mandate on or before June 15 this year, the costs of the force which are not covered by voluntary contribution should be treated as expenses of the United Nations under Article 17 (2) of the charter of the United Nations.

It also stressed the importance of the continuation of voluntary contributions to the force and called for maximum voluntary contributions in the future.

Under the resolution, the UNFICYP will be restructured and a comprehensive reassessment will be conducted of

the force at the time of the consideration of the force's mandate in December 1993, including of the implications of progress on confidence-building measures and toward a political settlement for the future of the force.

On May 11, the Russian Federation vetoed a British-sponsored draft resolution on the cost-sharing of the force, which requested that the costs of the operation be shared by all the UN members.

The costs of the operation, about 47 million U.S. dollars annually, had been borne, starting from its very beginning in 1964, by those nations who contributed troops to the operation and voluntary contributions.

However as the costs of the operation have increased sharply these years, Britain, Canada and other troop-contributing countries wanted to reform the financing and let the burden be shared by all UN members. But the cost-sharing draft, though approved by 14 security council members, was vetoed by Russia more than two weeks ago.

Analysts said that with economic difficulties for years, Russia was not willing to accept the May 11 draft resolution, which allocated an annual 1.9 million dollars to it.

To prevent Russia from using the veto, the Cyprus Government had promised to share about one third of the cost, or some 18.5 million dollars annually and Greece agreed to donate 6.5 million dollars each year. But all these efforts failed and Russia, for the first time since 1984, used its veto.

As for today's draft resolution, which decided that the "costs of the UNFICYP which are not covered by voluntary contribution should be treated as expenses of the UN", Russia was among the 14 members of the security council voting for it. The draft was adopted with none against and one abstention from Pakistan.

Some diplomats said they hope the resolution will further help the cost issue of UNFICYP.

#### **United States & Canada**

##### **President Clinton To Extend MFN Status**

*OW2705132893 Beijing XINHUA in English  
1314 GMT 27 May 93*

[Text] Washington, May 27 (XINHUA)—U.S. President Bill Clinton said here today that he will extend the most-favored-nation [MFN] status to China for another year.

When asked at a televised town hall meeting on CBS, he stated, "I've basically decided to extend MFN for a year because I want to support modernization in China, and it is a great opportunity for America there."

Meantime, he insisted that there must be "some progress on human rights and the use of prison labor."

### **Calls MFN 'Done Deal'**

*OW2705153693 Beijing XINHUA in English  
1525 GMT 27 May 93*

[Text] Washington, May 27 (XINHUA)—U.S. President Bill Clinton said today that he has "basically decided" to extend China's favorable trading status with the United States for another year.

"I think it is a done deal for the next year," he told a town hall-style meeting in the White House Rose Garden broadcast on CBS Television in the early morning.

In response to a question from a California woman about the issue, Clinton stated, "I basically have decided to extend Most-Favored-Nation status for a year because I want to support modernization in China and it's a great opportunity to America there."

China is one of the fastest-growing economies in the world, he said.

But Clinton insisted that there has to be "some progress" on human rights and other issues.

His top advisers have reportedly recommended that MFN be extended this year but human rights conditions be imposed on future renewals.

A White House spokesman said Wednesday the president will make a formal announcement on China's MFN "pretty soon." His decision faces a June 3 deadline.

### **Central Eurasia**

#### **St. Petersburg Mayor Praises Beijing's Reforms**

*OW2705020193 Beijing XINHUA in English  
0134 GMT 27 May 93*

[Text] Moscow, May 26 (XINHUA)—St. Petersburg Mayor Anatoliy Sobchak praised China's achievements in economic reforms today.

Meeting with Liu Guangzhi, Chinese new consul general to the city, the mayor expressed his hope that the friendship and cooperation between St. Petersburg and Shanghai would continue to develop.

Liu said that China and Russia are friendly neighbors, that Shanghai and St. Petersburg have glorious histories, and that both cities are important economic, science and technology centers for their two countries. Thus, the prospects are good for friendly cooperation between them, he added.

### **Northeast Asia**

#### **Official Briefs Japanese on Tibet's 'Democracy'**

*OW2705195293 Lhasa Tibet Television Network  
in Mandarin 1200 GMT 27 May 93*

[From the "Tibet News" program]

[Text] Toinzhub, deputy chairman of the Tibet regional government, met with a delegation from Japan's Asian Spirit National Association at the regional Conference Center on 26 May. [video begins with medium shots of Toinzhub welcoming the Japanese visitors at a conference room, shaking hands with them]

During the meeting, Toinzhub had a cordial conversation with Mr. (Uchita Taiyan), head of the delegation and president of Japan's Asian Spirit National Association. [video shows Toinzhub, in Western suit, conversing with the visitors] Toinzhub briefed the guests on the current social situation and economic development in Tibet. He said: Since the start of reform and opening up, the central authorities have adopted many special, preferential policies for Tibet and vigorously supported the local economy. As a result, great changes have taken place in Tibet. Today, people in Tibet enjoy full democracy and religious freedom, and their living standards have continued to improve. I hope that this visit will contribute to increasing the delegation's understanding of Tibet. At the same time, I hope it will also help people in Japan and other parts of the world understand the true conditions here.

He said: To accelerate development in Tibet and narrow the gap with the interior, it is necessary for Tibet to seek assistance at home and abroad. I hope that friends in Japanese business circles will invest here and set up joint ventures to develop Tibet's native products, livestock, mining, tourism, and other resources.

Mr. (Uchita Taiyan) indicated that Tibetan Buddhism has had a big impact on Japan. Many Japanese aspire to visit Tibet and pay homage. They are also willing to help Tibet develop its economy. [Lhasa Tibet People's Radio Network in Mandarin at 1430 GMT on 27 May broadcasts a 1.5-minute identical report on Toinzhub's meeting with the Japanese visitors]

#### **NPC's Ni Zhifu Meets Japanese Union Leader**

*OW2705125093 Beijing XINHUA in English  
1240 GMT 27 May 93*

[Text] Beijing, May 27 (XINHUA)—Ni Zhifu, vice-chairman of the Standing Committee of China's National People's Congress (NPC), met here this afternoon with Sonogi Hisaharu, vice-president of the Japanese Trade Union Confederation.

After the meeting Ni, who is also president of the All-China Federation of Trade Unions, hosted a dinner in honor of the Japanese guests, who arrived in Beijing earlier today.

#### **Qian Qichen Continues Official Visit to ROK**

##### **Meets Foreign Minister Han**

*OW2705145193 Beijing XINHUA Domestic Service  
in Chinese 1306 GMT 27 May 93*

[By correspondents Yang Shuifu (2799 3055 1381) and Zhang Zhongyi (1728 1813 5030)]

[Text] Seoul, 27 May (XINHUA)—In their second round of talks today, Qian Qichen, visiting Chinese vice premier and foreign affairs minister, and Han Sung-chu, the South Korean foreign minister, continued to exchange views on bilateral relations and international and regional issues of mutual concern. The two sides signed a shipping agreement between the PRC and the ROK [Republic of Korea] Governments.

During the talks, Qian Qichen expressed satisfaction with the development of Sino-Korean relations. He said: The development of Sino-Korean relations is in the interest of the Chinese and Korean peoples and also in the interest of peace and stability in Northeast Asia and even Asia as a whole. Because of our two countries' geographic proximity and because of the complementary nature of our economic and trade structures, the potential for our cooperation is great. The two countries can and should establish even closer economic and trade relations on the basis of equality and reciprocity.

Han Sung-chu said: Korea is satisfied with the development of Korean-Chinese friendship and cooperation in the economic, trade, scientific, and technological spheres, and Korea is ready to make greater efforts to promote the development of the two countries' friendship and cooperation.

Qian Qichen and Han Sung-chu also discussed China's bid to sponsor the 2000 Olympic Games. Han Sung-chu indicated that Korea will make positive efforts to assist and support China's endeavor in this area. Qian Qichen expressed thanks for this.

Both sides agreed that the international situation has been changing very quickly. Qian Qichen pointed out that while the new situation has given rise to new issues and challenges, it has also created new opportunities.

Qian Qichen said: As an Asian country, China always attaches great importance to peace and development in Asia; China is ready to actively participate in economic cooperation in the Asia-Pacific region, including Northeast Asia; and China is also ready to take part in dialogues at all levels and through all channels in this region.

Han Sung-chu briefed Qian Qichen on the diplomatic policy of the new Korean Government. He expressed the hope that coordination and consultations between the two countries' ministries of foreign affairs can be strengthened.

#### **Qian Holds News Conference**

*OW2705170993 Beijing XINHUA Domestic Service in Chinese 1426 GMT 27 May 93*

[By reporters Tang Shuifu (3282 3055 8099) and Zhang Zhongyi (1728 1813 5030)]

[Text] Seoul, 27 May (XINHUA)—At a news conference held here today, Qian Qichen, visiting Chinese vice premier and foreign minister, reiterated China's support

for resolving the issue of the Korean peninsula through consultation and dialogue, and its support for the position taken by South and North Korea to achieve peaceful unification by themselves independently.

Qian Qichen first gave a briefing on his visit to South Korea, saying that "his visit to South Korea was successful." He said that he had an extensive, in-depth exchange of views with President Kim Yong-sam and Foreign Minister Han Sung-chu on bilateral relations, as well as on international and regional issues, and that the two sides have many points in common and are satisfied with the development of relations between the two countries since the establishment of diplomatic relations.

Qian Qichen said that a tangible result of the visit was the signing of the "Shipping Agreement Between the Government of the People's Republic of China and the Government of the Republic of Korea."

In response to questions on the unification of Korea, Qian Qichen said: China supports the position taken by South and North Korea to achieve peaceful unification by themselves independently and free from outside interference.

In response to questions on the nuclear issue on the Korean peninsula, Qian Qichen said: China opposes the presence of nuclear weapons on the Korea peninsula and supports its denuclearization.

Qian Qichen said: The question of nuclear inspection is a matter between the International Atomic Energy Agency [IAEA] and the North Korea. China hopes that the two sides could find a solution through negotiation. China opposes using the method of pressure and sanctions to resolve the nuclear issue nor does it favor the submission of the issue to the United Nations Security Council.

Qian Qichen expressed his endorsement of dialogue between North Korea and the United States, between South and North Korea, and between North Korea and IAEA, and he hoped that progress could be made in these dialogues.

Qian Qichen attended a welcome banquet hosted by the Korean Businessmen's Association. He will leave Seoul for visit to other places tomorrow.

Qian Qichen arrived here on 26 May for a four-day visit at the invitation of South Korean Foreign Minister Han Sung-chu.

#### **DPRK Premier Proposes Talks to ROK Premier**

*SK2805083793 Beijing China Radio International in Korean 1100 GMT 27 May 93*

[Text] On 25 May, Kang Song-san, premier of the DPRK State Administration Council, proposed to the ROK that they hold North-South summit talks and exchange special envoys appointed by each side's chief executive to deliver important intentions regarding the settlement of unresolved issues between the North and South.



According to KOREAN CENTRAL NEWS AGENCY, Premier Kang Song-san proposed this to ROK Prime Minister Hwang In-song in a 25 May letter.

Premier Kang Song-san said that considering the importance of the special envoys' mission, he proposes appointing each other's vice premiers responsible for reunification affairs as special envoys. He also said that the sooner they are exchanged, the better.

Premier Kang stressed that the exchange of special envoys between the North and South would help create a new phase for implementing North-South basic agreements and their joint denuclearization declaration, and that it would also help achieve practical advances in North-South national harmony and reunification. He proposed holding a working-level meeting between each other's vice ministerial officials at Tongilgak on the North side's area of Panmunjom on the morning of 31 May to discuss the exchange of special envoys between the two sides.

This is significant in that it is the first proposal by the North side of Korea this year concerning North-South contacts.

In his 20 May letter to DPRK Premier Kang Song-san, ROK Prime Minister Hwang had proposed holding a contact of each other's vice ministerial officials on 27 May to discuss resuming the North-South high-level talks which were suspended at the end of 1992.

### Southeast Asia & Pacific

#### Official Defends Detention of Vietnamese Ships

HK2805012493 Hong Kong SOUTH CHINA MORNING POST in English 28 May 93 p 2

[By Daniel Kwan in Guangzhou and Greg Torode]

[Text] China has moved to defend its detention of Vietnamese ships, saying foreign vessels were making false reports of piracy by officials to hide failed smuggling runs.

In China's strongest statement on the controversy, the director of the Guangdong Public Security Bureau, Mr Chen Shaoji, said yesterday he had "more than enough" evidence to justify the seizing of ships and the detaining of cargos.

Seamen were "double wrapping"—disguising the labels on China-bound cargo by wrapping goods with the names of Vietnamese ports but with Chinese destinations underneath.

Unclear navigation charts and new destinations given to ships by agents once vessels were under way were other techniques used.

Captains and crew had provided evidence in testimonies, Mr Chen said.

"Recently, smuggling by tai feis (speedboats) has gone down. But (we have noticed) a very important trend of (smugglers) switching to foreign-registered freighters," he said.

"They often used descriptions such as pirates and sea robbery committed by public security officers to hide their criminal activities."

He referred to a maximum of 10 ships having been detained. Marine Department figures list at least 36 suspected interceptions since last September.

Mr Chen said China had concentrated on only a tiny percentage of shipping that was smuggling. It would not hurt law-abiding businessmen, he said.

Security Branch officials, however, said yesterday they had not received detailed evidence from China and noted that ships were leaving with correct manifests.

The Government had no reason to doubt explanations from seized ships, while it had received little detail from China authorities despite recent requests lodged through the New China News Agency [XINHUA], he said.

The branch had earlier this week been instrumental in the Marine Department playing down harassment and piracy claims at a United Nations meeting in London, and stopped the department naming China.

Agents involved in the Hong Kong to Vietnam trade challenged the Chinese to give evidence.

"The trade is legal and the goods are going to Vietnam and it's clear that China had no control of the officers patrolling outside Hong Kong," said a spokesman for Scarbrook Shipping.

Scarbrook still has one ship in detention out of a string of ships and cargo seized and later released.

"We just don't understand why they have taken so long to say this," he said.

Mr Chen said the Public Security Bureau was appealing against a decision by a court in Zhanjing, Guangxi province, which upheld a complaint from a Hong Kong freight company, but he did not have details.

#### Chinese Consulate Opens in Ho Chi Minh City

OW2805090693 Beijing XINHUA in English 0842 GMT 28 May 93

[Text] Ho Chi Minh City, May 28 (XINHUA)—A Chinese Consulate opening in this south Vietnamese city today marks a further step in the development of relations between the two countries.

Chinese Ambassador Zhang Qing hosted the opening ceremony.

Zhang, Chinese Consul General Ou Yi and Nguyen Van Huan, vice executive chairman of the people's committee of the city, addressed the ceremony, expressing

hope that the facility will strengthen cooperation between south Vietnam and China.

Truong Tan Sang, chairman of the city's people's committee, envoys from the country's foreign ministry and resident representatives from foreign institutions also took part.

Opening of the consulate is based on an agreement last year which also provided for Vietnam to establish a consulate in the south Chinese city of Guangzhou.

### **NPC's Wang Hanbin Receives Thai Delegation**

*OW2705135693 Beijing XINHUA in English  
1314 GMT 27 May 93*

[Text] Beijing, May 27 (XINHUA)—Wang Hanbin, vice-chairman of the Standing Committee of Chinese National People's Congress, met here today with a Bangkok government delegation led by Mayor Krisda Arunvongse.

Wang praised the signing of a sister city agreement between Bangkok and Beijing on Wednesday [26 May].

The 35-member delegation represents Bangkok municipal government, commerce and trade sectors. They are the guests of the Beijing municipal government. The delegation leaves for a two-day visit to Xian tomorrow.

## **Near East & South Asia**

### **'Roundup' Views Pakistan Premier's Restoral**

*OW2705094193 Beijing XINHUA in English  
0914 GMT 27 May 93*

["Roundup" by Hu Xiaoming: "Nawaz Sharif Returns to Power"]

[Text] Islamabad, May 27 (XINHUA)—After staying in cold for 39 days, Pakistan Prime Minister Nawaz Sharif, dismissed by President Ghulam Ishaq Khan on April 18, has finally been back in the saddle. [sentence as received]

In a 10 to 1 verdict on Wednesday [26 May], the Supreme Court, the country's highest judicial organ, restored both the dissolved National Assembly and ousted government of Nawaz Sharif.

Exactly one month after the preliminary hearing of the petition, filed by Nawaz Sharif challenging the National Assembly dissolution by Ishaq Khan, the Supreme Court announced that the dissolution order was unconstitutional and illegal, and all steps taken pursuant to the dissolution order such as appointment of the caretaker government would be of no legal effect.

It is the first time in Pakistan's history that the Supreme Court has restored a dissolved National Assembly, a dismissed prime minister and his cabinet.

Overjoyed with the judgement, Nawaz Sharif and his supporters went to the Faisal Mosque to offer special thanks to the almighty Allah. "It is the victory of the entire nation," he said.

Both President Ghulam Ishaq Khan and caretaker Prime Minister Balkh Sher Mazari, the losers in the case, have declared that they accepted the Supreme Court judgement.

All the three services chiefs, including chief of Army Staff Abudl Waheed, called on Prime Minister Nawaz Sharif, respectively, on Wednesday after the judgement was made, greeting his return to power.

Political activities intensified in different camps with Nawaz Sharif huddling with his restored cabinet and Ishaq Khan summoning the chief ministers of the north-west frontier and Sindh Provinces for a late night meeting on Wednesday.

Benazir Bhutto, co-chairperson of the Pakistan People's Party, made an air dash from Karachi to Islamabad to consult her partymen and meet Ishaq Khan.

Speaker Gohar Ayub Khan, who is working closely with Nawaz Sharif, summoned the National Assembly to meet at 5:30 PM.

Today's local press warmly welcomed the Supreme Court ruling, saying it "wrote a new chapter in the judicial history of Pakistan."

Benazir Bhutto, however, said the verdict will deepen the political crisis in the country as the restored government could not work with the president and the provinces ruled by the president's men.

Observers said Nawaz Sharif would have to face several odds in the days to come.

The biggest questions are about president's fate and the problems in the provinces.

Ishaq Khan also has to take a voluntary vote of confidence from the National Assembly as assured by his counsel to the Supreme Court, not to mention the rifts in the Pakistan Muslim League and a hostile opposition led by Benazir Bhutto.

## **Sub-Saharan Africa**

### **Deputy Foreign Minister Leaves Eritrea**

*OW2705223593 Beijing XINHUA in English  
2202 GMT 27 May 93*

[Text] Addis Ababa, May 27 (XINHUA)—Special envoy of the Chinese Government and Deputy Foreign Minister Yang Fuchang left here today after attending the independence day celebrations in newly independent Eritrea.

During his stay in Asmara, capital of Eritrea, Yang Fuchang signed with the Eritrean Government a joint communique on establishment of diplomatic relations

between two countries, agreements on mutual trade, economic and technical cooperation as well as on China's loan to Eritrea.

He also held talks with Eritrean President Issayas Afwerki.

Formal independence day celebrations were held on May 24 in Asmara, capital of Eritrea.

#### **Editorial Views Diplomatic Ties With Eritrea**

*HK2805050493 Beijing RENMIN RIBAO in Chinese  
26 May 93 p 1*

[Editorial: "Warmly Greeting Establishment of Diplomatic Relations Between China and Eritrea"]

[Text] The newly independent African state, Eritrea, held an independence day celebration on 24 May. On that day, the PRC and the new member of the African community signed a communique in Asmara, announcing the establishment of diplomatic relations at the ambassadorial level. This is a major event in the relations between China and the state in the Horn of Africa. We extend our warmest congratulations on the independence of Eritrea and the establishment of diplomatic relations between China and Eritrea.

Eritrea is situated along the key junction of the Red Sea and is an important state in the Horn of Africa. In modern history, the Eritrean people deeply suffered from the colonial rule of Western countries and were waging relentless struggles to take their destiny into their own hands. Last April, Eritrea proclaimed its independence after a referendum. The Eritrean Government and people are working hard to solidify peace and stability and to restore and develop the economy in the country. The Chinese people ardently hope that Eritrea will quickly recover from the wounds inflicted during the war and embark on a prosperous and flourishing road together with the people of various countries in the Horn of Africa.

The people in the Horn of Africa experienced many years of turbulence and suffered a great deal from wars. We are extremely delighted at seeing that in recent years, relevant states in this region mitigated their conflicts through negotiations and settled their longstanding disputes by way of consultations. This, no doubt, will bring about ultimate stability and development in these countries, which is universally welcomed by the vast numbers of people. Issayas Afwerki, president of Eritrea, said recently that Eritrea was willing to establish a new type of relationship with the neighboring Ethiopia and strengthen the close contacts that already exist between the two countries. This indicates that reconciliation is the trend of the times, and development is the common pursuit of all countries.

China always maintains that all nations, large and small alike, are equal members of the international community. China is willing to establish and develop friendly relations with all countries in the world on the basis of

the five principles comprising mutual respect for territorial integrity and sovereignty; mutual nonaggression; noninterference in each other's internal affairs; equality and mutual benefit; and peaceful coexistence. China appreciates the Eritrean Government's attitude of respecting and supporting the Chinese Government's consistent principled stance on the Taiwan issue and its commitment to not establishing any official ties with Taiwan. The Chinese Government and people support the Eritrean Government's efforts to safeguard its national independence and state sovereignty as well as to develop the economy, and are willing to steadily intensify cooperation and friendship with the people of all countries in the Horn of Africa.

Although China and Eritrea are separated by numerous mountains and rivers, the people of the two countries all cherish the aspirations for increasing contacts and cooperation. The establishment of diplomatic ties between China and Eritrea has opened a new chapter for furthering the development of friendship between the people of the two countries. We believe that the friendly and cooperative relations between the governments and people of China and Eritrea will be repeatedly reinforced and developed.

#### **NPC's Qiao Shi Attends African Day Reception**

*OW2605175893 Beijing XINHUA in English  
1437 GMT 26 May 93*

[Text] Beijing, May 26 (XINHUA)—Qiao Shi, chairman of the Standing Committee of China's National People's Congress (NPC), and Wang Zhaoguo, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, attended a reception here today marking the 30 anniversary of African Liberation Day.

The Beijing envoys of 34 African countries were at the reception which was held in the Great Hall of the People by the Chinese People's Association for Friendship With Foreign Countries (CPAFFC) and the Chinese-African People's Friendship Association (CAPFA).

Han Xu, president of the CPAFFC said that the African people had made great achievements in opposing foreign interference, safeguarding national independence and sovereignty.

They had also made significant progress in economic development, the improvement of living standards, fighting natural disasters, resolving regional conflicts and realizing national reconciliation, Han said.

In a bid to fight apartheid and seek peace, stability and development in the continent, the Organization of African Unity (OAU) had effectively co-ordinated the activities of every African region and Africa at large, he noted.

He spoke highly of the contributions the OAU has made to safeguarding the unity of African countries.

As for Sino-African relations, Han said that Chinese and African peoples should strengthen unity and cooperation to meet new challenges and opportunities.

"The Chinese people will forever stand by the African people as their firm and faithful friends," he said. "China will forever support African people in their struggle to uphold sovereignty and development of national economies."

Jean Jacques Maurice, head of the African diplomatic corps and Malagasy ambassador to China, extended thanks to the international society, China and the Chinese people in particular, for their support and assistance to the African people.

He also expressed his appreciation for the contributions CPAFFC and CAPFA have made toward improving friendly relations between China and Africa.

#### **Envoy Visits Mauritanian Prime Minister**

*OW2805040693 Beijing XINHUA in English  
0335 GMT 28 May 93*

[Text] Dakar, May 27 (XINHUA)—Mauritanian Prime Minister Sidi Mohamed Ould said today that China has set an example for the Third World countries by developing itself while safeguarding its sovereignty under difficult international environment.

He made the remarks when meeting with Chinese Ambassador to that country Liu Bai, according to a report from Nouakchott.

The prime minister said that with its political stability and economic prosperity, China has brought hopes for the third world.

He said he is pleased with the close relations and cooperation between the two countries.

The two men also discussed international issues during the meeting.

### **West Europe**

#### **Swedish Professor Receives Technology Award**

*OW2805040493 Beijing XINHUA in English  
0257 GMT 28 May 93*

[Text] Stockholm, May 28 (XINHUA)—Swedish Professor Olof Claesson was awarded here today the International Science and Technological Cooperation Prize by the Chinese State Commission of Science and Technology.

At the laureating ceremony at the Chinese Embassy here, Chinese Ambassador to Sweden Tang Longbin, who handed over a certificate for the prize [sentence as received]. Tang said the honor was given to Claesson for his contributions to promoting Sino-Swedish cooperation in science and technology.

Claesson initiated Sino-Swedish dairy training and a product-developing center that was established in Beijing in 1985.

The center not only helped train more than 1,000 Chinese personnel, but also brought advanced Swedish technology and equipment to China.

Swedish Industry and Commerce Minister Per Westerberg said at the ceremony that Claesson's efforts had broadened connections between Chinese and Swedish scholars in research, development and industry.

### **East Europe**

#### **Croatian President Tudjman To Visit China**

*OW2805084593 Beijing XINHUA in English  
0823 GMT 28 May 93*

[Text] Beijing, May 28 (XINHUA)—Franjo Tudjman, president of the Republic of Croatia, will pay a state visit to China from June 6 to 12 at the invitation of Chinese President Jiang Zemin.

This was announced by a Chinese Foreign Ministry spokesman here today.

#### **Air Force Flies Ill Czech Official to Facility**

*OW2805121793 Beijing XINHUA Domestic Service  
in Chinese 0636 GMT 28 May 93*

[By correspondents Guo Jianzhong (6753 1696 0022) and He Xiquan (6320 6007 3123)]

[Excerpts] Beijing, 28 May (XINHUA)—On 25 May, the Air Force dispatched a helicopter on an emergency flight to Wutaishan, Shanxi, to fly (Yaloslav Lusek), Czech trade representative in Beijing, back to Beijing for hospitalization. (Lusek) suffered a stroke during a sightseeing trip in Wutaishan.

After he became ill on 23 May, (Lusek), 61, was taken to the Wutaishan Hospital for emergency treatment. However, the facilities at the local hospital were too limited to treat his worsening illness and it was necessary to take him to Beijing for hospitalization. After receiving a request from the Czech Embassy, our department concerned immediately dispatched the helicopter to Wutaishan with three medical personnel from the Beijing Emergency Rescue Center on board. (Lusek) was flown back to Beijing safely at 1130 hours on 25 May and was taken to the Sino-Japanese Friendship Hospital for emergency treatment. [passage omitted]

The patient is now out of danger.



## Latin America & Caribbean

### Reportage on Zhu Rongji's Visit to Mexico

#### Meets Overseas Chinese Groups

OW2805010293 Beijing XINHUA Domestic Service  
in Chinese 1026 GMT 26 May 93

[By reporter Jiang Shugen (3068 2885 2704)]

[Text] Mexico City, 25 May (XINHUA)—Zhu Rongji, visiting vice premier of China's State Council, met Overseas Chinese residing in Mexico and representatives of Mexican-Chinese friendship groups at the Chinese Embassy in Mexico this evening.

During the meetings with Overseas Chinese representatives, Zhu Rongji expressed admiration for their diligence, courage, and hard-working, pioneering spirit. He also briefed them on the recent Chinese economic development. He said: The 14 years of reform and opening up represent the best period of economic development in Chinese history. Particularly since Deng Xiaoping delivered his talks during his southern inspection tour last year, the motherland has entered a period of high-speed development and tremendous progress in all sectors. He hoped they would return to the mainland to witness their motherland's progress and development.

Zhu Rongji added: China and Mexico enjoy good state-to-state relations. I hope that Overseas Chinese in Mexico will make efforts to promote the further development of Chinese-Mexican friendship.

While meeting with representatives from the Mexican People's Association for Friendship With China, the Mexican People's Friends of China Association, and the Friends of China Association of Mexican Universities, Zhu Rongji expressed his heartfelt thanks for the efforts of the three friendship groups in promoting friendship between China and Mexico and between their two peoples. He hoped these friendship groups would make greater efforts to develop friendship between the peoples of the two countries.

Zhu Rongji also this evening met personnel from the Chinese Embassy in Mexico and Mexico-based representatives from Chinese news agencies and companies.

#### Meets President Salinas

OW2805025193 Beijing XINHUA in English  
0240 GMT 28 May 93

[Text] Mexico City, May 27 (XINHUA)—Mexican President Carlos Salinas met visiting Chinese Vice Premier Zhu Rongji Wednesday [26 May].

The Mexican president said he had seen the successful reform and the development of market economy in China during his visit to the country in 1987.

Salinas pointed out that changes in China, especially its rapid economic evolution, have drawn world attention. Relations between Mexico and China are very important, and his country pays great attention to them.

Zhu, who arrived here on May 23, said China and Mexico have similar views on safeguarding world peace and developing their economies. Since the establishment of diplomatic relations, the two countries have cooperated in the areas of politics, economics, culture, science and technology.

Zhu thanked the Mexican president for his role in promoting Sino-Mexican relations and extended warm greetings to him from Chinese President Jiang Zemin and Premier Li Peng.

#### Leaves Mexico for Brazil

OW2805044593 Beijing Central People's Radio  
Network in Mandarin 0300 GMT 28 May 93

[By station's Mexico City-based reporter (Hu Decai)—from the "News" program]

[Text] After satisfactorily concluding a four-day official visit to Mexico, Vice Premier Zhu Rongji and his party left Mexico City for Brazil by plane yesterday [27 May] afternoon. Barros, acting Mexican secretary of foreign relations, saw them off at the airport. Prior to his departure, Zhu Rongji visited Acapulco, a harbor city famous for tourism, and was warmly welcomed by leading local officials. During his visit to Mexico, Zhu Rongji met President Salinas and the speakers of the Senate and the Chamber of Deputies, and held talks with Secretary of Foreign Relations Solana. Both sides reached a broad consensus on international and regional issues.

#### Wei Jianxing Receives Ecuadoran Party Group

OW2805105693 Beijing XINHUA in English  
1017 GMT 28 May 93

[Text] Beijing, May 28 (XINHUA)—Wei Jianxing, member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), met here this afternoon with a delegation of the Ecuadoran Democratic Left Party headed by its Vice-Chairman Franco Romero.

After the meeting, Wei, also secretary of the Central Commission for Discipline Inspection, hosted a dinner in their honor.

The Ecuadoran guests, arriving in Beijing Wednesday [26 May], are on a ten-day visit to China at the invitation of the International Liaison Department of the CPC Central Committee.

They are also scheduled to tour East China's Shandong Province and China's largest industrial city of Shanghai.

**Political & Social****1 Policeman Killed, 2 Injured in Tibet 'Riots'**

*HK2805043793 Hong Kong MING PAO in Chinese 28 May 93 p 7*

[Unattributed "special dispatch"]

[Text] Reports from Lhasa reveal that one person was killed and two others injured during the riots a few days ago. All of the dead and injured were members of the armed police force. Information has it that, as a result of dialogue with the demonstrators, some measures will soon be adopted to curb inflation in the Tibet Autonomous Region.

A Tibet government official, who asked to remain anonymous when interviewed by this reporter by telephone, confirmed that an armed policeman was killed and two others injured in the 24 May operation to quell the turmoil which had been stirred up by protests against inflation but later turned into riots supporting independence for Tibet. The death and injuries were caused by a tear gas canister exploding in a policeman's hand after a firing failure. The official said no casualties were recorded on the part of the demonstrators.

The official noted that order had already returned to normal in Lhasa yesterday, and tourists from abroad are still allowed to visit Tibet. However, he added: "So far most visitors come here on sightseeing tours; individual tourists will have to go through fairly 'complicated' procedures before they are admitted to Tibet."

The official admitted that the Lhasa public's protest against price hikes was not unjustified. It is said that prices of kerosene and gasoline, which are the major fuels in Lhasa, will be raised in July. This has caused prices of some related commodities to rise. Taxi fares, for instance, have already risen by a large margin. Meanwhile, a policy to raise the tax rate on individual households and private enterprises this year has also aroused grievances among those Tibetans who currently enjoy tax exempt status.

Reports said that one slogan shouted by the Lhasa demonstrators during the demonstrations was: "We Want To Survive." They were unhappy with drastic increase in food prices. They complained that the price of butter, which was 8 yuan per jin a year ago, had now risen to 14 yuan per jin, while meat prices have increased from 4 to 7 yuan per jin. Meanwhile, hospital service charges and kindergarten and primary and secondary school fees have increased as well. Corruption among government workers has been one cause impelling the public to take to the streets.

The official said the government will soon announce some measures to restrain price rises and pacify the public.

A local source said order in Lhasa had returned to normal yesterday, except that some public security personnel and armed policemen were still being sent to perform their duties around the Jokhang Temple, where riots had taken place earlier. Tourists are being allowed to walk around freely.

A Lhasa resident said he seldom went out to follow the state of affairs in the streets over the last two days because he had to work. He believes the incident will have little psychological impact on the public.

On the other hand, Chinese Foreign Ministry spokesman Wu Jianmin told reporters during a news conference for Chinese and foreign reporters yesterday afternoon: "The incident that happened in Lhasa is an internal affair of China. Operations to stop law-breaking acts and to preserve law and order are fully justified. Social order has returned to normal in Lhasa, and foreign countries need not be too concerned about this."

**Three Democracy Activists Arrested in Guangzhou**

*HK2805033193 Hong Kong SOUTH CHINA MORNING POST in English 28 May 93 p 11*

[By Willy Wo-lap Lam]

[Text] Three Guangdong activists have been detained for allegedly trying to distribute handbills calling for a faster pace of democracy. Sources in the dissident community said the arrests took place on April 6 at Guangzhou's Baiyun airport as the three, Li Guoheng, Liang Weimin, and Wu Songfa, were about to board a plane for Shanghai. They were carrying a few hundred copies of a "Letter to the Citizens of Shanghai", which called for a "democratic, open society".

It is understood that the three, who are young workers and traders in Shunde, are members of a small and informal group of dissidents based in the Pearl River estuary boom town.

Friends of the trio said they were being held at the Shunde Detention Centre, but they had not been charged with any specific offence. Moreover, they were denied visits by their relatives, who were only allowed to send them food and medicine. The relatives expressed fears that the three could be held for a prolonged period without access to judicial processes.

The letter to Shanghai citizens said it would not do for Beijing to institute economic reform in the absence of political change because people's expectations for political liberalization were rising. But it argued that political reform should only be "gradual and step by step". For example, the letter said, reform should begin with a parliamentary system, such as the open election of the senior officials of the National People's Congress. "We should gradually build up a democratic, open society," it said.

Sources said that Li, 31, was a former teacher who had taken part in the pro-democracy movement in early 1989. They said police had seized letters and other documents from his home and a few members from the same group had fled Shunde.

The sources added that small-scale activities to "spread the message of democracy" and to commemorate the June 4, 1989 crackdown were being staged in cities including Tianjin and Beijing.

Diplomatic analysts in Beijing said that security had been tightened in a number of cities in recent weeks. But they said that this was as much a precaution against popular discontent spurred by hyperinflation as efforts to observe the anniversary.

Meanwhile, Washington has welcomed the release on parole of political prisoner Xu Wenli on Wednesday. State Department spokesman Mr Richard Boucher said: "We welcome the news that Xu Wenli has been released from prison. Xu's case has figured prominently in our own human rights dialogue with the Chinese. We will continue to urge China to release all those like Xu detained for peaceful expression of their political or religious views," he said.

#### **Specialist Said To Treat Wang Juntao in Prison**

*HK2805104093 Hong Kong CHING CHI JIH PAO in Chinese 28 May 93 p 8*

["Special dispatch" from Beijing by special correspondent Chang Hua (1728 5478): "Justice Ministry Reportedly Sends Specialist To Treat Wang Juntao's Heart Trouble in Prison"]

[Text] As 4 June draws near, some noted individuals involved in the incident that occurred on 4 June 1989 have again become the focus of attention from the media and the general public. Wang Dan, the student leader who was No. 1 on Communist China's wanted list, has decided to go to Guangxi's Beihai on 1 June to rest, because he does not want to invite trouble in Beijing during these sensitive days.

A source has said: Wang has bought a plane ticket to travel from Beijing to Beihai on 1 June, and he plans to rest in Beihai for about a week before returning. According to a close friend, Wang requested the trip himself. Because he is still on parole, he must submit a report to the public security authorities whenever he wants to leave Beijing. Wang is also paying all expenses himself.

During the two meetings of the National People's Congress and the Chinese People's Political Consultative Conference in Beijing last March, in a bid to prevent overseas reporters from "happening" to interview Wang Dan, the authorities wanted him to take a trip to Haikou, Guangzhou, Nanning, and Beihai. At that time, it was Wang's mother's work unit that suggested that he leave Beijing and gave him 3,000 yuan to cover his travel

expenses. During his trip, Wang was constantly tailed by plainclothes public security personnel. That was the first time he left Beijing since his release. On another occasion in early May, Wang planned to go to Guangzhou to attend an investment-invitation activity with Ma Shaoli (another student leader on the wanted list), but they were not permitted to board the plane at Beijing airport. Ma was later sent to his native home in Jiangsu and placed under constant supervision.

The source said: During the current great tide, when everyone is going to the sea of commerce, Wang Dan registered a company in Beijing a few days ago. Called the "Socioeconomic Institute," the company has been licensed by the authorities. Because 4 June is fast approaching, he will officially open his business only after he returns from Beihai.

The day before yesterday, Xu Wenli, another pro-democracy activist, was released on parole. In Wang Dan's view, this is gratifying and an act of opening up on the part of the Chinese Government. It is too early, however, to say that China's human rights conditions have improved. He also expressed his hope that the Chinese Government will continue releasing pro-democracy activists, especially the ailing Wang Juntao and Liu Gang. He believes that many factors are behind Xu's release, as was his case some time ago. Moreover, Wang also criticized the Chinese Government for only conducting economic reform while marking time politically. In his view, the two should complement one another and move forward simultaneously; otherwise, it will lead to contradictions.

Moreover, according to reliable news in Beijing, Wang Juntao has heart trouble. His father's request that the Judiciary Department allow him to be diagnosed and seek treatment has drawn the attention of the leadership in the Justice Ministry. A few days ago, Justice Vice Minister Jin Jian specifically asked a noted heart specialist from Beijing's Fuwai Hospital to treat Wang in prison. The Beijing authorities have approved Wang's wife Hou Xiaotian's application to go abroad, but she has not yet decided when to go.

#### **Jiang Zemin on Hong Kong, Tibet, Other Issues**

*HK2805072893 Hong Kong MING PAO in Chinese 28 May 93 p 2*

[Unattributed "special dispatch"]

[Text] China will by no means allow any foreign country to go back on its word, nor will it ever yield to any orchestrated strong pressure imposed by Western countries. Jiang Zemin was quoted as saying by Louis Cha, director of the Ming Pao Group.

Jiang Zemin made the above remarks during a meeting with the visiting Louis Cha on the afternoon of 19 March 1993 when the two talked about Hong Kong Governor Chris Patten's constitutional reform package and the political situation in Britain. Jiang Zemin said with



feeling: "We Chinese have a backbone and will never bend to unjustifiable pressures imposed by foreigners."

The June edition of MING PAO MONTHLY, which comes off the press today, carries an article by Louis Cha entitled: "My Thoughts on the Northern Land in Early Spring." In his article, Cha describes in detail his visit to China last March at the joint invitation of the State Council Information Office, the Hong Kong and Macao Affairs Office, and XINHUA's Hong Kong Branch. During his visit, he talked for more than an hour with Jiang Zemin, general secretary of the CPC Central Committee, on Hong Kong's long-term prosperity and stability, Chris Patten's "constitutional reform package," CPC policy on Hong Kong, the Tibet issue, and ways to strengthen China's legal system.

Cha said that he gained these impressions from his talks with Jiang Zemin on the Hong Kong issue: Jiang Zemin was very firm on matters of principle and steadfast in his diplomatic stand, and it is impossible for him to yield even half an inch.

When asked what he wanted to say to the Hong Kong people, Jiang Zemin mentioned the following three points: "First, the Hong Kong issue is a matter between the Chinese and British Governments before 1997. Therefore, we will by no means allow a third party to meddle in the matter. After 1997, the Hong Kong issue is China's internal affair, and, naturally, we will not allow anyone to interfere. Anyone who attempts to internationalize the Hong Kong issue will never succeed. Second, the Chinese Government strictly observes all international agreements and commitments, and we hope that other countries concerned will do the same and will abide by them strictly. Third, after it resumes sovereignty over Hong Kong, China will surely bring happier and more joyful lives to Hong Kong's people, for this is our basic national policy."

Jiang Zemin also pointed out, after he made the remark that "river water does not mix with well water," that some people in Hong Kong had said that he had failed to complete his remark by adding "well water does not mix with river water either." He claimed that, in fact, the Chinese language contained many two-part allegorical expressions and one did not need to complete the second part when using them. He claimed that his remark that "river water does not mix with well water" already contained the implication that "well water does not mix with river water either."

Regarding the Tibet issue, Jiang Zemin noted that "the Americans always base their positions on inaccurate statistics." Former U.S. President Jimmy Carter once told him that there were originally 6 million Tibetans in Tibet, but now most of the population are Han and Tibet has been occupied by the Han. In fact, the Tibetan Autonomous Region has a population of 3 million, of which 2.91 million are Tibetans and only 800,000 Han. After hearing this, Carter laughed and said that the

information he had even claimed that Sichuan's Chengdu also belonged to Tibet.

Jiang Zemin went on: "After 1997, Hong Kong will be exempt from paying taxes to the Central Government, while the Central Government will not grant any subsidies to Hong Kong. However, we grant subsidies to Tibet on an annual basis with a view to improving the people's living standards and building modern facilities there, such as highways. The Han is a big nationality with stronger economic strength. We have consistently offered support and assistance to fraternal nationalities."

In his response to Cha's remarks on corruption in China, Jiang Zemin indicated that one major task currently facing the central authorities is to reinforce building of the legal system. He also disclosed that, in the wake of the National People's Congress, China will take immediate action and draw up many laws and regulations at top speed. China lags far behind advanced countries, especially in the formulation and enforcement of economic laws and regulations. China cannot turn itself into an economic power without catching up in this aspect very quickly. Efforts need to be made as soon as possible to improve systems such as the corporate joint-stock system and the securities dealing system.

#### **Commentator Urges Cadres To Take Responsibility**

*HK2705150293 Beijing RENMIN RIBAO in Chinese  
22 May 93 p 1*

[Commentator's Article: "Be Brave in Undertaking Responsibility—Third Discussion on Improving Leadership Style"—see "Commentator Urges Learning From Grass Roots" published in the National Affairs section of the 21 May China DAILY REPORT, pp 13, 14; and "Commentator Discusses Improving Leadership" published in the National Affairs section of the 24 May China DAILY REPORT, p 36]

[Text] When you hold an office, you must carefully consider policies and undertake responsibilities: This is the most fundamental requirement of a leader. The current difficult tasks of reform and development even more urgently call our leading cadres to be devoted to their duties and dare to take up their responsibilities.

More than a decade ago, Comrade Deng Xiaoping castigated the malpractice of "irresponsibility." He said: "When a group of people are said to be responsible for a task, no one person is in fact responsible for the task. Nobody takes an interest in whether the assigned task has been fulfilled. Nobody cares about the result—good or bad—of the work." Today, we are still finding a similar serious phenomenon among some comrades. Some comrades are prone to boasting, exaggeration, and empty talk. When asked to raise specific opinions on a certain problem, they will talk ambiguously. When doing work, they will shirk heavy duties in favor of lighter ones or will do the heavy ones in a perfunctory manner. When

there is something wrong with the work, they will pass the buck to the higher authorities or their subordinates. Others strive to be first when an opportunity arises which involves gaining fame and wealth, being in the limelight, and receiving gifts. However, these same people hang back timidly or run away as quickly as possible for fear of lagging behind when a task comes up for assignment which requires them to be careful, take up responsibilities, or even offend other people. How can the masses support and trust this type of leading cadre? When the cadres lack the spirit of daring to take up responsibilities, it constitutes an important reason for average work performance or less effective work in some places.

Whether a cadre dares to take responsibility upon himself demonstrates his work style and mental attitude as well as the attitude he adopts toward the cause of the party and the people. Courage to take up responsibilities comes from a strong sense of responsibility and mission. Many older generation proletarian revolutionaries have worked very faithfully in service of the revolution and development. They have dared to take responsibility upon themselves and have made great contributions to the party and the people, thus setting an brilliant example for us. Under the new situation of reform and opening up, a large number of leading cadres have made determined efforts to carry out reform and have dared to blaze new trails and to take responsibility upon themselves so that the areas, departments, and units under their leadership could make remarkable achievements. We should emulate their deeds and absorb their experiences. A myriad of facts show that people feel encouraged, splendidly apply themselves, and constantly attain new heights in their work only when the leading cadres dare to take responsibility upon themselves.

The fact that some leading cadres do not dare to take responsibility upon themselves has a lot to do with the defective cadre system. For example: We have not introduced stringent laws or regulations to require administrative control from the higher levels to the grass roots; nor have we implemented a work responsibility system. We have not clearly defined the terms of reference for each unit and each person, and we have not developed a strict and standardized criterion for appraising work that has been done. All this makes it impossible for many cadres to exercise initiative and take up matters which they should address. All day long they are busy asking the higher authorities for advice, making reports, or passing the buck. Confusion of the cadres' responsibilities and the separation of responsibilities and power combine to form an important reason why cadres are unwilling or dare not take responsibility upon themselves. To solve this problem, we should—apart from conducting ideological education among the cadres—institute a system under which cadres are responsible for attaining given objectives in their work and a system of using, rewarding, and punishing cadres on the basis of the achievements they have or have not made over the last few years.

In urging the leading cadres to display boldness in taking responsibility upon themselves, we should clearly point out: Being brave in undertaking responsibility should be integrated with a scientific approach and is closely related to the overall point of view. Being brave in undertaking responsibility in no way means randomly giving approval; nor does it mean having one's own way in partial and local interests. Right now it is essential to stress the need to address problems in the overall interest. We should boldly take responsibility upon ourselves in the interest of our own departments and units and—more importantly—in the interest of the country and people. The two should form an organic whole. Certain things may seem to be to the advantage of a few departments, units, and people, but, in the long run, they are to the disadvantage of reform, opening up, the modernization drive, and the promotion of the two civilizations. We should not do such things. In particular, we should not do those things that have been repeatedly forbidden by the central government. On the other hand, certain things may be to the disadvantage to a few departments, units, and people, but they benefit our overall and long-term interests and the promotion of the two civilizations. We should resolutely do such things. Under the new situation of accelerated reform, opening up, and the modernization drive, partial interests will frequently contradict the overall interest. When this happens, whether a leading cadre can stand up against all erroneous opinions, firmly implement the central government's principles and policies, and consciously subject partial interests to the overall interest will show whether he is brave in undertaking responsibility, pure in party spirit, and able to exercise effective leadership.

#### **Cadres Urged To Preserve Public Service Image**

HK2805033093 Beijing RENMIN RIBAO in Chinese  
21 May 93 p 3

["Random Talk" by Zhu Yan: "Consciously Preserve the Image of Party Cadres as Public Servants"]

[Text] During recent years, media and propaganda materials have tended to use titles like "Father and Mother Official" and "Upright Magistrate X" when singing the praises of some leading cadres. Some cadres even hang an inscribed board in their office which reads "A Good Father and Mother Official of the Common People." Such titles and practices are inappropriate and should therefore be abandoned.

There is a difference in nature between our party cadres at all levels and government officials of the old society. It has been explicitly stipulated in the party Constitution that "party cadres are backbones of the party's cause and the servants of the people." The Constitution stipulates that "all state organs and state workers should rely on the support of the people, ... subject themselves to the supervision of the people, and exert themselves to serve the people." It thus can be seen that the party and the country will by no means allow anybody to regard the

masses of the people as his "subjects," or anybody to act as "father or mother" of the masses of the people. On the contrary, the party and the government have always urged party cadres at all levels to act as sons of the masses and the servants of the society, and to serve the people wholeheartedly.

Some may say that the reason the masses choose to use titles such as "Father and Mother Official" and "Upright Magistrate X" is that the masses want to extend their great respect to cadres who have done people good turns, which gives no cause for much criticism. Of course, we should not blame the masses for the emergence of the aforementioned practices. What counts is our cadres who should not put themselves in an incorrect relationship to the masses of the people, feel deserving of people's respect for what they have done, or even take delight in talking about or feeling pleased with the above titles. Instead, they should clearly state the reasons to the masses and dissuade them from continuing such practices. This problem has become more serious in recent years when some of our leading cadres talk less about serving the people while their sense of being public servants is getting blunted. As a result, these cadres begin to put on airs and order the masses around in an insufferably arrogant way. They fail to conduct thoroughgoing investigations into the life of the masses, to consult with the masses when matters arise, or to heed the opinions of the masses. Forgetting about the fact that they are actually empowered by the people, these cadres consider the bounden duties of public servants as unreasonable demands raised by the masses who always create "troubles," regard what they have done for the people as bestowing "favours," and view themselves as "saviors" of the people. To these cadres, it is not merely a question of refusing to accept titles such as "Father and Mother Officials"; what they need to do is to seek the ideological root of this problem, and take practical action to put themselves in a correct relationship to the masses of the people.

It should be noted that authority is a responsibility and an obligation as well. The greater authority one is entrusted with and the higher position he occupies, the greater responsibilities he should shoulder. Today, with the trust of the people and certain authority in their hands, our party cadres ought to work conscientiously and wholeheartedly for the party and the people with a great sense of responsibility and dedication. All party cadres at leading posts of all levels should regard what they have done for the party and the people as their own duties. They should not claim credit for themselves or become arrogant, still less take their work achievements as counters to bargain with the party and the people.

To preserve the image of party cadres as public servants, we need to take conscious action in a down-to-earth manner and willingly and gladly be dedicated. Party leading cadres at all levels should emulate Comrade Jiao Yulu, regard themselves as the servants of the people in real terms, and loyally carry out the bounden duties of

the people's servants. As to cadres who present themselves as "Father and Mother Officials" or love to be flattered as "Upright Magistrates," party organizations should educate them, and urge them to conscientiously correct their mistakes and take practical actions to preserve and establish the image of the people's servants.

### Article Discusses Social Impact of Reform

HK2805080693 Beijing CHINA DAILY in English 27 May 93 p 4

[Article: "Reform Bringing About Profound Social Changes"]

[Text] The years of reform have witnessed significant changes in the nation's social structure, which is believed instrumental in promoting productive forces, according to an article in China Business Times.

One of the changes is large-scale labour mobility. Nearly 100 million rural labourers have entered township enterprises, and 700,000 farmers have poured into cities to make a better living. In cities many people have quit their jobs to hunt for higher-paying ones.

The social evolution is also reflected by the increasingly diversified forms of ownership, such as private firms, joint ventures and foreign-funded enterprises, which have broken up the monopoly of public ownership. However, State-owned units still dominate. Shareholding enterprises and complexes, which may be combinations of firms with different ownerships, now are all the rage.

Moreover, enterprises of different ownerships have fostered a generation of management elite who are playing a pivotal role in all walks of life.

Changes were first initiated by rural reforms that started in 1979 when the household contract responsibility system was introduced in some areas. Several years later, the system was adopted throughout the country. The surplus rural labourers swarmed into cities or found a job in township enterprises.

The collectively run service companies established for youths who have returned from the countryside since 1979 is another source of social change.

At the same time, diversified sectors of the economy, especially private firms, emerged.

In the 1980s official encouragement by the central government stimulated development of private firms and shareholding enterprises. By the end of 1992, nearly 140,000 private firms were employing 2 million people. About 15.5 million households, representing 25 million employees, were engaged in private business.

The third stimulus was the decision of the central government to grant special open policies to some



coastal regions, such as Guangdong and Fujian provinces. The result was a cluster of special economic zones in Shenzhen, Shantou, Zhuhai and Xiamen.

In 1992 the central government allowed some ports and capital cities in southern coastal areas to open to the outside world.

The open pattern has improved labourers' ability to move from province to province. Many intellectuals, workers and farmers thronged to the coastal regions.

The Pearl River Delta, for instance, has absorbed 4 million outside labourers. Outsiders account for 37 percent of the population of Shishi City in Fujian.

Some State-owned enterprises in coastal areas also run businesses in western and northeastern provinces. Hunchun, a city of less than 20,000 people in Yanbian Autonomous Prefecture in Jilin Province, now boasts 800 private firms and enterprises in co-operation with corporations in other parts of the nation.

Labour mobility has helped promote economic and cultural exchanges between regions. It has also played a big role in the prosperity of the coastal areas and accelerating the development of western China.

The fourth catalyst came in the past two years, when State-owned enterprises were required to further adjust their management system and the central government began institutional reforms. As a result, new management patterns, such as leasing, contracting and auctioning, were introduced in some State-owned enterprises, especially smaller ones.

Employees in these firms may no longer eat from the same "big rice bowl," synonymous with the egalitarian practice of income distribution. Their salaries now are linked with their performance.

According to the article, nearly 20 percent of the 20 million employees in State-owned enterprises will be integrated into collectively run firms or strike out on their own.

Moreover, 20 percent of the employees in institutions will also look for new jobs.

"These changes are of far-reaching significance," the article said.

The social changes signal that the distinctions between urban areas and the countryside in the coastal regions are beginning to blur.

Rural reform ensures Chinese farmers the right to manage their production and motivates them.

In the past 14 years, China's grain output increased by an annual average of slightly more than 7 percent.

Furthermore, many farmers are engaged in non-agricultural production. Township enterprises have grown from nothing to become a pillar of the nation's economy.

In 1992 township enterprises churned out 12,650 billion yuan (\$289 billion) in goods and absorbed 100 million rural labourers, the article said.

Urban reform first commenced in the economic field and extended to education, science and culture.

From 1979 to 1991 the tertiary industry grew by 10 percent each year. Its development will provide more jobs for urban and rural people.

"The rapid growth of the tertiary industry and diversity of occupations indicate that China is stepping onto a path of modernization," the article said.

But accompanying these social changes are new problems that call for new policies and regulations.

China's reforms have brought together different sectors of the economy. The widening differences between these sectors have created new conflicts and cries for new policies to protect the interests of each group.

It is imperative to regulate the development of these sectors, the article said.

In addition, the article urged that ideological and psychological changes in China be studied.

Nowadays, one of the hottest topics in China is the opulence of the new wealth.

There are two types of the new rich. One earns easy money quickly by the abuse of power. Corruption is one object of constant complaint.

The other makes a fortune legitimately. These businessmen are understood by society.

It is necessary to establish standard auditing and accounting systems to provide legal supervision over enterprises and individual businessmen.

The article called for new ways to absorb surplus rural labourers. The nation now has 200 million of them, and is expected to have 250 million at the end of the 1990s.

The way out for such a large population should be written in the nation's socio-economic development strategy, the article said.

Agriculture should still be a top priority of the government. The article suggested that poverty-stricken areas develop collective and private economic sectors.

**College Students' Military Training Viewed**

HK2705062693 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 20, 17 May 93 pp 6, 7

[Article by Zhou Daping (0719 1129 1627): "Military Training of University Students in China Moves Toward Standardization"]

[Text] Beginning in September, Beijing and Fudan Universities will readjust the arrangement of military training for newly enrolled freshmen from one year to four-or-six months, and the training will be included in the curricula for four-year regular courses. This signifies that college student military training in continuous exploration has moved a step toward standardization.

Beijing and Fudan Universities started one-year military training for newly enrolled freshmen in 1989 and 1990, before the students were sent back to the campus to engage in their four-year undergraduate courses. With the implementation of the new military training project, freshmen enrolled in 1992 who are still undergoing one-year military training will be sent back to campus after the fulfillment of the original plan. In view of the fact that freshmen enrolled in 1992 and 1993 will enter the campus simultaneously, and that the number of freshmen would be 1.5 times larger than previous years, Beijing University and Fudan University are mobilizing all forces to overcome actual difficulties, equipping teachers, and stepping up repair and building of new dormitories, mess halls, classrooms, and labs to seek stable transition to the goal of readjusting the period for military training.

College students undergoing military training has happened in many countries, with the aim of conducting defense education among college students and training reserves of officers and men for the state. Some countries have even stipulated that college students must render a minimum one-year military service after graduation.

Differing from the compulsory one-year military service of college graduates, Article 43 in the "Military Service Law," which was promulgated in October 1984 and has been implemented since then, explicitly stipulates: "Students at institutes of tertiary education must accept basic military training." That is an inevitable selection that falls in line with China's national condition. China has a large population, and enjoys the advantage of an ample supply of soldiers. Every year, the number of young men having their 18th birthday exceeds 20 million, including some 2 million high school graduates, of which some 600,000 are enlisted according to the law to perform their sacred duty of defending the motherland, and there is no need for college graduates to render military service. At the same time, giving consideration to taking economic construction as the center as well as the continuing and pressing nature of cultivating advanced qualified people, the principle of college students accepting military training during the course of their

study was adopted as the basic form for them to perform the obligation of rendering military service and accept defense education.

Over the past 10 years, military training among China's college students has gradually become an important element in the curricula of many institutes of tertiary education. Presently, some 140 such institutes of tertiary education conduct eight-week military training of newly enrolled freshmen with special funds allocated by the state; of the eight weeks, three are devoted to courses in military theory conducted on the campus, and five to concentrated military training conducted at military units. Besides, another 200 institutes of tertiary education conduct short-term military training among self-financed students; by the end of 1992, the number of college students on campus who had gone through military training was over 200,000.

In the exploration of diverse forms of military training for college students, the newly enrolled freshmen of undergraduate courses of Beijing and Fudan Universities were separately sent to four army academies in Shijiazhuang, Xinyang, Dalian, and Nanchang for one-year military training; such practice has continued for three or four years as of now, with the number of students involved exceeding 10,000. Such military training has political training as the key. Aside from studying such military courses as military thinking, basic knowledge in modern military science, shooting with light weaponry, the students are provided with such cultural courses as selected Marxist-Leninist works, history of the Chinese Revolution, ideological cultivation of college students, introduction to legal science, Chinese language for college students, English course for college students, intending to make college students score marked progress in political consciousness, ethics, style, and sense of discipline, military skills, cultural knowledge and physique.

Practice has demonstrated that college students who had undergone training at a military academy were all born again in their spiritual features. Their most profound experiences were: "Military training has provided us with an extraordinary opportunity to temper ourselves, and I have greatly benefited from it," "I will never regret that there is a page of the military academy in the history of my life." In the course of military training, they have cultivated a style of being strict with themselves and hard-working, enhanced the sense of organization and discipline as well as the concept of collectivism; naturally, such practice has won the praises of military academies, institutes of tertiary education, students' parents and the society. Some figures of educational circles said that the exploration in military training work over the past few years was worthy for it had provided many precious experiences for universities on how to cultivate first-rate qualified people, with wide-ranging systematic teaching materials for cultural and military courses and social investigation taking shape, and much of their content could be used by other colleges.



However, an objective fact that should not be neglected is that military academies' capacity for accepting college students to undergo military training is limited; this being the case, it will be very difficult to universally spread one-year military training in all institutes of tertiary education across China. Hence, the imbalance by which some students would have to spend five years for their college education and others only four years. Furthermore, the state has failed to provide necessary protective measures for a very small proportion of graduates who have participated in one-year military training; eventually, students who have to spend five years in college and their parents will find themselves the losers, while increasing relative difficulties in various work in those universities that are concerned. Viewing the general situation of China's socioeconomic development today, the pace for reform has quickened and there is a great demand for qualified people in the wake of the 14th party congress, and the objective situation makes the readjustment in the time and method of military training inevitable.

The basic principle in the new project for military training in Beijing and Fudan Universities is to include the period of military training after readjustment into the four-year curriculum; military theoretical courses are generally conducted on campus, and military training courses are to be conducted in a nearby military academy. The time arrangement will have greater flexibility; military training can be concentrated in a certain period, or on separate days during the semester or vacation. Military training should help students understand the technical characteristics of various services and arms of the services, and such common sense in basic military knowledge as how to conduct partial war under high-tech conditions. Furthermore, it is necessary to help college students improve the skills to resist foreign aggression through learning destined field marches, shooting, maneuvering motor vehicles, and practical first-aid operations in battlefield. From a long-term view, the aforesaid four army academies will become the center bases for military training of college students across China.

The state will implement some policies to protect college students who have participated in one-year military training. For example, those fine graduates among them may be directly assigned work at party and government organizations at and above provincial levels, and will be exempted from going down to the grass roots to temper oneself for a year as ordinary college graduates are required; one year of military training will be regarded as one year of social practice or grass-roots tempering; after graduation, the one year of military training will be included in length of service as a condition in housing distribution, promotion, or work distribution based on seniority.

Over the past two years, Fudan University has also readjusted its teaching plan in view of the cultivation of students who have gone through one year of military training. For example, through checking and selection,

130 students of the class 1990 have been included in the list of fine students for cultivation, accounting for 10 percent of the total of students of class 1990, and the cream of them who can complete the four-year courses in three years may be graduated one year ahead of schedule. They may be assigned jobs or take postgraduate courses with examinations exempted.

Related department of the State Educational Commission stressed not long ago that work of college students participating in military training will carry on for a long time, from now on, the number of institutes of tertiary education with state allocating funds for short-term military training will be increased. The standardization of military training for college students is a task for educational reform and a fine way to cultivate young qualified people.

#### Central Official on Railroad Security in Guizhou

HK2705142093 Guiyang Guizhou People's Radio  
Network in Mandarin 2300 GMT 24 May 93

[Text] The national on-the-spot work meeting on joint defense along railroads ended in Guiyang yesterday afternoon. At the closing ceremony, Shu Huaide, member of the Central Committee for Comprehensive Management of Social Security and its general office director and concurrently member and secretary general of the Central Commission of Political Science and Law, delivered an important speech on continuing to properly conduct security work on railroads across the country.

He said: Guizhou Province's practice concerning the joint defense of railroads by the militia has opened a new path of comprehensively managing social security on railroads under the new situation. This has been a good experience marked by flexibility and effectiveness. In light of the actual local conditions, all localities should conscientiously learn from and disseminate Guizhou's experience in jointly defending the railroads. They should strive to create a situation in more places in which security work can be conducted collectively by the masses and in which tasks are assigned to specific individuals to ensure their fulfillment in order to reverse the grim situation of railroad security as quickly as possible and to ensure the safe and unimpeded operation of the trunk lines.

Shu Huaide said: To learn from Guizhou's experience, first, we should emulate the attitude of Guizhou's party and government leaders at all levels, who have paid close attention to railroad security work. We should emulate their spirit of exercising control over railroad security in real earnest as well as their utmost efforts to grasp railroad security work with a strong sense of being masters of the country.

Second, we should emulate Guizhou's spirit of doing solid work and its style of dealing with concrete matters, should conscientiously study and resolve problems that crop up as the work proceeds, and should fulfill various

measures of comprehensively managing social security down to every grassroots unit and every individual.

Third, we should emulate Guizhou's firm confidence in and its pioneering spirit toward the comprehensive management of social security. We should find ways to resolve difficult security problems through the policies regarding the comprehensive management of social security, and we should mobilize and organize more departments and forces to participate in this management.

Shu Huaide called for all localities to work out concrete measures for assimilating and using Guizhou's experience—in light of their actual conditions—to persevere in taking firm control of railroad security work through the joint defense of the militia. In addition, they should repeatedly create, sum up, and disseminate new experiences and increasingly enhance the results of the comprehensive management of social security, thereby making greater contributions to ensuring the smooth progress of reform, opening up, and modernization.

#### **'Pen Talk' on Establishing a Newspaper Market**

HK2805050093 Beijing RENMIN RIBAO in Chinese  
20 May 93 p 5

["Pen Talk on Socialist Cultural Market" by Liang Heng: "Discussing Establishment and Perfection of a Newspaper Market"]

#### **[Text] First, It Is Necessary To Correctly Use the Means of Market**

In his report to the 14th party congress, Comrade Jiang Zemin said: "Establishing and improving the socialist market economy is a long process of development, and is also an arduous and complicated social system project." This system project should certainly include the press and press management. Whether news should be a commodity or not remains a controversial issue, but newspapers, being carriers of news, include more material components: paper, labor, distribution, and advertising. So newspapers possess attributes of a commodity. Otherwise, why should a newspaper office conduct cost accounting? Why should a newspaper bear a price? Why should it enter circulation? However, a newspaper also has political attributes. That is, it holds a certain political position and performs a special task in the state's political life. Therefore, we often call a newspaper a mouthpiece. We should study and clearly distinguish newspapers' commodity and political attributes. As we recognize its commodity attributes, we should boldly apply the law of market and adapt it to the market economy. As we also recognize a newspaper's political attributes, we should maintain the correct opinion orientation and attach primary importance to its social effects. We cannot only emphasize one side and neglect the other. In particular, we should note that use of the market mechanism will also increase the strength of the newspaper office, and will thus improve the results of political propaganda. The market is a means which should be used positively and boldly. At the same time,

we should also soberly notice the possible negative effects it may bring about. Some people in society regard publishing a newspaper as a means of making profits, and this should be resolutely banned and suppressed.

#### **Second, a Brisk Newspaper Market Has Formed**

To foster and improve a newspaper market, I think that there should be three conditions. First, a stable political situation. The party's policies are supported by the people, and what is covered by newspapers is exactly what the people want to know. Second, a benign economic situation. The masses will seek the consumption of cultural products after having sufficient food and clothing in their material life, and new purchasing power will appear in this aspect. Third, a richer variety of and higher quality newspapers. This will make people more willing to buy newspapers as they are more readable. These three conditions also precisely show newspapers' political, commodity, cultural, and news attributes. Through more than 10 years of reform and opening up in our country, a stable political situation and a prosperous economic environment have paved the way for the substantial development of the press, and the three above-mentioned conditions are also well-prepared. The press in our country has never been as prosperous as it is now, and is facing a good opportunity for further development.

#### **Third, It Is Necessary to Build Two Markets**

Two markets have taken form in China for the press. One is the main market supported by public-funded institutional subscribers; this market is mainly for the organs of party and government institutions at various levels, major comprehensive newspapers, and enterprise newspapers. The other market is the secondary market supported by individual readers who buy or subscribe to newspapers with their own pocket money; this market mainly consists of evening newspapers, digests, and newspapers providing necessary information service needed in people's day-to-day lives. At present, one-third of newspapers in our country have set up their own distribution systems. This is similar to the book distribution system, which not only has the main distribution channel consisting of the Xinhua Bookstore, but also has the secondary distribution channel consisting of bookstores and bookstalls run by individuals.

In the past, we did not regard public-funded subscription as a market. In fact, this is also part of the market, because exchange is made between the subscriber unit and the newspaper office, and newspapers are not distributed for free. However, because this involves public funds and administrative behavior, the market is not a perfect one. It is still incorrect if we do not regard this as a market, as we cannot deny that medicine used in public-funded medical care is not commodity. The rise of the secondary market had a major impact on the primary market. The secondary market plays a positive role in two aspects. First, it prompts this category of newspapers to enhance their coverage and editing

quality in order to attract more readers. Second, it prompts newspaper offices to improve their management and adapt themselves to the market. However, it also produces some negative effects. Some newspapers may adopt some irregular means, such as downgrading contents to cater to and attract readers. It was recently discovered that some newspapers sold at bookstalls focused their coverage on some social hot spots, and used large space to carry stories about the private lives of famous people. They did this even by means of fabrication in order to produce sensational effects. This tendency should be checked and prevented. We should understand that our efforts to improve the press market and to adapt our newspapers to the market economy should be focused on transforming management and operation mechanisms rather than changing the orientation of content. The need to foster and improve a socialist market is more obviously an aspect of newspaper distribution. The primary market should change its rigid operation, introduce a competition mechanism, and thus be further perfected. The secondary market should prevent the trend to subject political effects to economic means, to blindly pursue economic benefit at the expense of social benefit.

The reform of the book market began five to six years earlier than that of the newspaper market. When the secondary book market appeared, some people exclaimed that the operation of the Xinhua Bookstore might be threatened. However, at present, the two markets are developing side by side, and the book market as a whole has become much brisker. The distribution of newspapers will also follow the same course.

#### **Fourth, How To Establish a Market Mechanism for the Press**

In my opinion, in order to foster and improve the newspaper market and establish a market mechanism for the press, actions should be taken in the following two aspects. First, adjusting the structure; second, transforming management and operation mechanisms. In the overall situation, party committee organs should continue to hold a dominant position in the press. At the same time, it is also necessary to appropriately increase newspapers directly serving economic life and the masses' daily lives and being subscribed to or bought by people with their own pocket money, and the market mechanism should be introduced for the distribution of such newspapers. Internally, each newspaper office should change itself from a nonprofit-making institution to a profit-making business enterprise by introducing a competitive mechanism. With the exception of a very small number of party organs, most newspapers should gradually make ends meet and achieve financial independence in the market without relying on subsidies for their existence.

In general, the distribution of newspapers will require a new means, namely, the market, which should be boldly and correctly used. The three conditions for the establishment of such a market are ready; two different

markets for newspapers have taken form; and the establishment of the market mechanism for the press will still require transformations in the two above-mentioned aspects.

#### **Beijing Bans First Club for Homosexuals**

HK2305072393 Hong Kong MING PAO in Chinese 19 May 93 p 13

[By special correspondent Ching Chi (5427 2765): "Beijing's First Homosexual Salon Has Been Banned for Disseminating Wrong Ideas"]

[Text] An informed source disclosed that the first homosexual salon in Mainland China, which emerged in Beijing late last year, was banned by the Ministry of Public Health last week. An official of the ministry said this club, sponsored by the China Health Education Research Institute, must cease operation.

This salon, named "Men's World," officially came into being on 22 November last year. The person in charge of the salon is a young research fellow of the China Health Education Research Institute.

According to a physician who wants to remain anonymous, a high-ranking official complained: "That salon has been disseminating wrong messages, it is not opposed to, but is encouraging homosexuality, which is contradictory to China's aim and purpose in health education."

The informed source said: The purpose of the salon at the outset was the prevention and control of AIDS in Mainland China. Clinical records provided by hospitals show that more than 30 percent of the patients infected by the AIDS virus who have been discovered on the Chinese mainland are homosexuals. Of the 10 cases of AIDS virus infection and AIDS patients discovered in Beijing Municipality in recent years, four have verified to be related to homosexuality.

In order to prevent and curb the AIDS virus from spreading in Mainland China, preventive medicine experts proposed to launch a health education drive on the prevention of AIDS among homosexuals as a special population group. It is just because of the existence of this special population group vulnerable to AIDS infection that the China Health Education Research Institute decided to set up the homosexual salon called "Men's World" to promote health education related to prevention of AIDS among these people.

It is reported that the first function of the homosexual salon was held on 22 November last year, sponsored by the China Health Education Research Institute; 35 male homosexuals attended the function; specialists in the topic voiced their opinions on homosexuality from the medical and social behavioral points of view, and the homosexuals present at the function also talked about their views and frustrated feelings. The atmosphere was harmonious and good during the three-hour meeting.



The "Men's World" cultural salon held its second function on 27 December last year.

On Valentine's Day this year, that is, on 14 February, "Men's World" held another function for homosexuals at the Sea Horse Ballroom in Xidan, Beijing, the first homosexual gathering ever held in a public place.

During a symposium on the spread and prevention of venereal diseases, held in Beijing's Liangma Hotel from 15 to 18 March this year, Chen Bingzhong, director of the China Health Education Research Institute, and Wan Yanhai, a research fellow of the institute, jointly presented a thesis entitled "Let Us Sow Seeds on Fertile Land—Homosexual Culture and AIDS Education." They suggested a view "to treat the phenomenon of homosexuality with the sense of ordinary people and homosexuals and the homosexual culture with a sense of equality." They held that homosexuality, as a natural form of human sex, has drawn increasing concern and gained tolerance in the Chinese community; there is no ground for regarding homosexuality as a morbid psychology, crime, or immorality; and it is necessary to recognize the value of homosexuality and the need for developing a homosexual culture. They also called for a more tolerant attitude toward and more assistance to those who are in a morally and legally unfavorable position.

This homosexual salon held another function in early April. But this time the gathering was spoiled by disputes and clashes among homosexuals and unpleasant incidents between reporters and homosexuals present on the occasion, because of poor organization of the function.

Information has it that the homosexual salon "Men's World" has now been banned, but the "AIDS Query and Advice Hot Line" service is still operating.

### CAAC Introduces New Booking Requirements

HK2805105793 Beijing ZHONGGUO XINWEN SHE  
in English 0905 GMT 28 May 93

[Text] Guangzhou, May 28 (CNS)—The Civil Aviation Administration of China (CAAC) will from June 10 no longer sell air tickets by means of a letter of introduction by particular entities to which the traveller belongs, a practice which has been used for nearly 40 years.

With the approval of the State Council, the change of practice will mean, first, that officials will no longer accept letters of introduction as in the past when domestic travellers wished to purchase an air ticket. Second, domestic travellers booking flights for domestic destinations will have to produce a resident's certificate or other valid proof of identity or other documents required by CAAC. Third, domestic travellers buying tickets for international flights and foreign travellers, overseas Chinese, Hong Kong and Taiwan compatriots booking domestic or international flights will have to tender a valid passport, home visit certificate, certificate for Taiwan compatriots, resident's certificate, travel visa

or other proof of identity issued by a public security organ. Fourth, passengers will have to fill in a purchase slip for the air ticket giving accurate information such as name, certificate number, nationality, work unit or address, occupation, the purchasing entity, contact number and telephone number. Fifth, booking clerks will be required to carefully check all details on purchasing slip before issuing a ticket.

### Ding Guangen Addresses CCTV Work Seminar

OW2705045593 Beijing Central Television Program  
One Network in Mandarin 1100 GMT 19 May 93

[From the "National News Hookup" program]

[Text] The China Central Television Station [CCTV] held another TV work seminar yesterday afternoon. Ding Guangen, Xu Weicheng, Bai Keming, Ai Zhisheng, and other leading cadres held talks with CCTV's famous playwright-directors, program hosts, recording and lighting technicians, and representatives from various departments. They expressed their opinions and made suggestions on ways to improve and enrich television programming. Participants in the seminar maintained that CCTV's only goal is to serve its vast audience, and its glorious duty is to meet the audience's needs. They stressed the effects of television propaganda on public opinion, as well as the need to enrich programming, to introduce lively program formats, and to produce more excellent and popular programs. Ding Guangen spoke at the seminar. He said: After hearing your remarks, I feel that CCTV has an excellent workforce. Everybody at CCTV is strongly devoted to his work, ready to make greater improvements and unwilling to lag behind others. Everybody hopes to upgrade programming and make CCTV a success. He expressed the hope that all those involved would live up to the expectations of this great period, and would turn CCTV into one of the world's first-rate TV stations.

### State To Alter Film Distribution, Profit System

OW2605163093 Beijing XINHUA in English 1609  
GMT 26 May 93

[Text] Shanghai, May 26 (XINHUA)—"Ben Ming Nian", a Chinese film about a young pedlar who tries to re-make his life after being released from a labor camp, was as moving and powerful for foreign audiences as it was for their Chinese counterparts.

The film, translated from the novel "Black Snow," won a Silver Bear Prize at the Berlin Film Festival, as well as the 1990 Hundred Flowers Award, China's leading film prize, which is determined through popular vote by the audience.

But the film was not a money-maker within China.

Following the founding of the People's Republic in 1949, the film industry became part of the country's Soviet-model, central planning system. Film production, distribution and exhibition were controlled by the government to reach officially-set targets.

But after the communist party's Central Committee called for the creation of a socialist market economy in China last autumn, the film industry, along with the rest of the country, has begun to change.

Formerly, Chinese film producers earned money based on the number of film copies sold at state-fixed prices, rather than on popular appeal. Films that were officially designated as good, such as those that praised heroes of socialism, could sell up to 150 copies, and therefore make a huge profit. The size of the audience that eventually viewed the film did not affect the profit equation. On the other hand, "Black Snow", an artistic film that had wide popular appeal but no official backing, sold only 50 copies, which merely covered the cost of production.

But now producers of off-beat, artistic or entertainment films that can draw crowds in China's cinemas still have some difficulty in joining the emerging socialist market economy.

The Shanghai Film Circulation and Projection Company has become a national pioneer by adopting the international practice that film producers take a share of box-office receipts along with the cinemas. The move appears to be one of the first cracks in the traditional, state-planned film industry, and may mark its transformation into a system more responsive to the dictates of the market.

The company bought the rights to exhibit a kungfu film jointly shot by Beijing and Hong Kong film producers. The film, "Shi Wang Zheng Ba", premiered in Shanghai last Saturday.

"Shi Wang Zheng Ba", part of a film series, tells the story of a kungfu master in South China's Guangdong Province during the Qing Dynasty (1644-1911).

Kung fu films draw huge audiences throughout China, especially among young urban residents.

The joint venture film set a box-office sales record of 20 million H.K. dollars when it was shown in Hong Kong recently.

The film will be shown in some 30 cinemas in Shanghai. For the first time in over four decades on the Chinese mainland, the box-office receipts will be shared by the cinemas, the Shanghai film circulation and projection company, and the film's producers.

Tian Congming, vice-minister of radio, film and television, says that experimentation with the new circulation system has been closely followed by the country's film producers. But Tian did not reveal whether the practice

of allowing filmmakers to join the market economy by receiving a share of box office receipts will be extended throughout the nation.

#### Li Ruihuan, Li Tieying Meet Athletes

OW2705135893 Beijing XINHUA in English 1316  
GMT 27 May 93

[Text] Beijing, May 27 (XINHUA)—Li Ruihuan, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, met here today with the Chinese table tennis delegation.

Li, who is also honorary president of the Chinese Table Tennis Association, congratulated the Chinese paddlers on their successful performance at the 42nd world table tennis championships in Gothenburg, Sweden, last week.

The Chinese paddlers took the women's team, men's and women's doubles and mixed doubles titles at the Gothenburg world championships.

He said younger players should be selected from the country and the old ones should continue their hard trainings, in order to gain good results at the 43rd world championships in Tianjin, China, in 1995.

Li Tieying, member of the Political Bureau of the Chinese Communist Party Central Committee and the Chinese state councilor, was present at the meeting.

Also present was Yuan Weimin, vice-minister of the Chinese Physical Culture and Sports Commission.

#### Trade Union Federation Head Inspects Guangxi

HK2705083993 Nanning Guangxi People's Radio  
Network in Mandarin 1130 GMT 25 May 93

[Excerpts] Ni Zhifu, vice chairman of the National People's Congress Standing Committee and chairman of the All-China Federation of Trade Unions, made inspected Guangxi 20-24 May.

Ni Zhifu indicated during his inspection: Over the past several years, Guangxi has enjoyed a stable political situation and seen rapid growth in its economy and nationality unity. Guangxi's remarkable economic growth will undoubtedly bring along the economic development of the southwestern area of our country.

During his inspection of Guangxi, Ni Zhifu went to a number of prefectures and cities including Nanning, Beihai, Qinzhou, and Guilin; conducted thoroughgoing investigation in factories, ports, and Beihai Yintan Tourist and Recreation Zone; and listened to work reports submitted by local cadres.

During his stay in Nanning, Ni Zhifu met with regional party Secretary Zhao Fulin; Cheng Kejie, regional deputy party secretary and governor; Liu Mingzu, regional deputy party secretary and chairman of the regional people's congress; as well as comrades in charge

of the regional people's congress standing committee, the regional federation of trade unions, and the Nanning City Federation of Trade Unions.

On the basis of what he saw and heard during the inspection, Ni Zhifu gave an important speech. When talking about Guangxi's geographical superiorities, economic development, and future prospects, Ni Zhifu noted: Guangxi enjoys a good climate and abundant natural resources. Nanning and Beihai are picturesque cities with trees in and around. Qinzhou Prefecture has also made remarkable results in afforestation.

He added: Guangxi's economy are undergoing rapid development in recent years, especially Beihai city's economy. To bring about greater development of its economy, Guangxi must reinforce its infrastructural building, including the construction of railways, highways, airports, and harbors. In addition, Guangxi needs to do a good job in macroeconomic planning, give play to its superiorities, and give prominence to local features.

Ni Zhifu said: To promote our economy and set up new economic development zones, we need to act in light of local conditions, strive to start at a higher starting point, and avoid [words indistinct] and repeated constructions of inferior quality. [passage omitted]

When talking about the work of the people's congress standing committees and trade unions, Ni Zhifu indicated: During the process of establishing the socialist market economic system, people's congress standing committees should step up their efforts in legislation, especially economic legislation. Meanwhile, they need to strengthen supervision and inspection on law enforcement. He urged trade union cadres to enhance the level of their quality. [passage omitted]

### Science & Technology

#### Aerospace Official Discusses Satellite Industry

OW2705113393 Beijing China Radio International in English to Western North America 0400 GMT  
17 May 93

[From the "Listeners' Letterbox" program—passages within quotation marks are recorded]

[Text] [Announcer] Chinese scientists first began serious aerospace studies in the 1950's with help from the former Soviet Union. The original goal was to increase our country's military strength. Work began in 1956 to develop China's first short-distance rocket missile. Sino-Soviet relations began to deteriorate in 1960. Soviet scientists left China and took all their aerospace designs and materials with them. The Chinese scientists worked another two years on their own and successfully produced their first missile in 1962. This was a vital turning point for the industry. The relatively small missile served as a foundation from which larger rocket carriers could be created.

On 24 April 1970, China launched its first communications satellite—the East Is Red No. 1. The satellite was named after a famous Chinese revolutionary song. The Chinese aerospace industry has made remarkable progress since that time. China had launched 39 satellites as of the end of last year. That figure includes six former satellites powered into space by Chinese rockets. The rapid progress should continue far into the future, according to satellite specialist Wang Zhongfen. He is a director with the Chinese Aerospace Industry Corporation.

[Wang] "We consider moving to a higher level in several areas after the 21st century. One is the level of satellites which must be raised."

[Announcer] The Chinese aerospace industry has several end-of-century goals to aim for. Our top priority is to raise the operating level of our telecommunications and broadcast satellites. They should be able to hold more data with more transmitters, and they should be able to maintain operations for more than 15 years. Special finance satellites will make nationwide money transfers easier. Capacity will also increase for our geographical survey satellites, and we will launch another satellite to support farm work across China.

The international aspect of the industry should also grow. China holds an important part of the global satellite launch market. This is a relatively inexpensive specialty in light of the fact that a single satellite can cost \$100 million. One profitable approach is for international companies to buy their satellites from the United States, and then bring them to China for the launch. Wang Zhongfen says Chinese launch capabilities have grown from relatively simple to more difficult international assignments.

[Wang] "On the whole, satellite launches for foreign countries have been relatively smooth. To facilitate our entry into the international market, we go about it steadily and surely, moving from simple to difficult assignments."

[Announcer] At first, we used surplus rockets and satellite space to carry experimental devices for foreign companies; then we launched our own satellites together with the foreign satellites from the same rockets. The final step was to launch a foreign satellite on its own from China.

On 7 April 1990, when the Chinese Long March No. 3 rocket vaulted the Aussat-I communications satellite into orbit, an American company made the satellite and a Hong Kong company authorized China to perform the launch. That was a great moment for every member of China's aerospace industry.

China is very competitive in the satellite launch market because the cost here is much lower than the Western norm. A typical launch can cost up to 20 percent less, according to Wang Zhongfen. He says the inexpensive cost of Chinese scientific labor is the biggest difference.



Other countries have complained, however, that China is pricing its competitors out of the market. Wang Zhongfen says his corporation is willing to increase its launch prices in the future.

Whatever the price, there is no doubt that aerospace is a huge growth industry. One very interesting consideration is the construction of space stations to allow production in weightless, essentially germ-free environments. Metal shaping is much easier in space without the pull of gravity, and space stations are ideal to produce the purest possible medicine.

Astronauts will be needed to work on any space station no matter which country or company sponsors the project. Wang Zhongfen says China will one day be able to send someone into space as long as the funding is available.

[Wang] "Judging from the strength of our space technology, there is absolutely no problem. Technically, there is no problem at all, because first of all, the retrieval problem, we..." [recording interrupted]

[Announcer] China's satellite return technique is good. Our Long March No. 2 rocket is reliable and suitable for launching spaceships. We can provide suitable in-space atmosphere and life support systems, and we have a good launch space in Xichang in Sichuan Province.

#### **Yangtze River Valley Microwave Network Planned**

OW2705122393 Beijing XINHUA in English  
1138 GMT 27 May 93

[Text] Beijing, May 27 (XINHUA)—China plans to inject 30 billion yuan into building a high capacity digital microwave transmission network along the Yangtze River valley, an area that produces 43 percent of China's GNP.

Wang Shaosheng, an official from the Ministry of Posts and Telecommunications, said in an interview that large projects under construction or ready to be built during the country's Eighth Five-Year Plan (1991-1995) include the following: an optical cable system from Hangzhou to Chongqing, high capacity microwave transmission channels, postal hubs in Hangzhou, Wuhan and Nanjing and a connected mobile phone network.

During the five years beginning in 1996, Wang said, China will build an optical cable from Wuhan to Chongqing, set up the Pudong postal and telecommunication hub in Shanghai, and expand the optical cable from Nanjing to Wuhan.

The Yangtze Valley runs across Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Hunan, Hubei and Sichuan, covering 36 prefectures and cities.

The area's posts and telecommunications business now accounts for 31.7 percent of the country's total. The 36 prefectures and cities across the region have gained access to the national automatic long-distance telephone network.

Telephone penetration in 10 cities and prefectures in the Yangtze River delta has reached eight percent.

However, the area's telecommunications network lags far behind its economic development. The construction of digital long-distance telecommunications trunk lines from Shanghai to Chongqing has not yet been [as received], while the low capacity of the Nanjing-Wuhan optical cable runs short of the demand of the area's economic progress, the official said.

With the acceleration of the development of the Pudong district in Shanghai and the implementation of China's plan for the Yangtze Valley, the state has decided to raise funds through diversified channels to increase input in posts and telecommunications in the area.

The Ministry of Posts and Telecommunications is determined to build a modern telecommunications network represented by high capacity microwave transmission channels. The ministry is also ready to link up cities and areas along the river with digital microwave and overhead cables to provide for digital communication in long-distance and local calls.

China plans to add 10 million local telephones and another 400,000 circuit terminals with long-distance exchanges in the eight provinces and municipalities along the river. 5.67 million local telephones will be installed in the 36 cities.

In addition, mobile telephone and radio paging services will be encouraged to make the Yangtze River delta a leader in China's telecommunications development by the end of the century.

#### **Military**

##### **Official on Assigning Jobs to Demobilized Cadres**

HK2705060293 Beijing JIEFANGJUN BAO in Chinese  
19 May 93 p 1

[By Xie Zhongyu (6043 0022 1432) and reporter Qiao Linsheng (0829 2651 3932): "At All-Army Work Conference on Placement of Military Cadres Transferred to Civilian Work, General Political Department Director Yu Yongbo Calls for Doing a Good Job in This Field"]

[Text] Beijing, 18 May (JIEFANGJUN BAO)—Today, Yu Yongbo, director of the People's Liberation Army [PLA] General Political Department, spoke at an all-Army work conference on the placement of military cadres being transferred to civilian work. He pointed out: Under the new situation, the party Central Committee, the State Council, and the Central Military Commission deeply care about and attach great importance to the placement of military cadres transferred to civilian work. Comrades in the military should support the civilian authorities and cooperate with them in properly handling affairs in this regard. Both the military and civilian institutions concerned should make joint efforts, and try by every possible means, to ensure that the policies and regulations on the placement of military

cadres in civilian jobs will be put into actual practice. At the same time, it is necessary to effectively solve problems in the minds of the military cadres being transferred to civilian work and prompt them into willingly obeying the assignments of the organization and making new contributions to the party and the people in new posts.

Director Yu said: Last year, the work of placing military cadres transferred to civilian jobs encountered some new conditions and problems but, as usual, civilian party committees, governments, and relevant departments at various levels still made efforts to ensure the proper placement of the military cadres transferred to civilian work, taking this as a political task. Many provinces, autonomous regions, and municipalities formulated favorable policies for the job-placement of cadres transferred from the military. Civilian leading bodies and functional departments in charge of placing cadres transferred from the military at all levels emancipated their minds, tapped their resourcefulness, overcame difficulties, found solutions for one problem after another, and properly placed and relocated cadres transferred from the military, one after the other. As a result, 32,000 military cadres transferred to civilian work and more than 14,000 spouses and dependents of these cadres were properly placed in new jobs and relocated. On behalf of the General Political Department and all PLA officers and men, he expressed heartfelt gratitude for the civilian party committees, governments, and the organizational, personnel, and functional departments in charge of the placement of cadres transferred from the military at all levels.

Yu Yongbo said: Placing demobilized military cadres in civilian jobs is a task that must strictly follow relevant policies. To properly fulfill this task, there must be a whole set of scientific and reasonable policies and regulations as the guarantee. In the last few years, the work of placing demobilized military cadres in civilian jobs has been done rather successfully as a result of correct policies. Since the founding of New China, we have been continuously exploring ways for the placement of military cadres transferred to civilian work and we have accumulated practical experience in this regard. The work in this aspect has also been adjusted and improved in the course of reform so that it is better suited to our national conditions and more favorable to building the Army. Some policies with distinct characteristics for the placement of demobilized military cadres have been formulated. The basic point of these policies is that, after military cadres retire from active service, they will be reasonably assigned to new civilian jobs according to the needs of the state in economic construction, their political quality and work performances in the Armed Forces, and their posts in the military. That is, the civilian job placements are linked to their performance in active military service. Facts show that these basic policies and principles are correct and feasible and are accepted by both military and civilian institutions. At present, an important issue is to maintain the continuity of the policies and to conscientiously implement the current policies and regulations according to the relevant party Central Committee and State Council instructions.

Director Yu said: This year, the number of military cadres to be transferred to civilian work, and the number of senior cadres involved in such transfers, will be larger than in previous years. Under the new situation of developing the socialist market economy, cadres involved in the transfer from military to civilian posts will be able to think more actively and many comrades will give consideration to their job assignments, relocation places, and positions. Therefore, ideological education and organizational work will be different for the placement of military cadres transferred to civilian work this year. Leaders and relevant functional organs in the military at all levels must make full preparations for this and very carefully and effectively conduct ideological education among the cadres involved and carry out the organizational work in all links.

Director Yu pointed out: To solve the problems in the minds of the cadres involved in the transfer, first of all, it is necessary to update their mentality and make them ready to fight and start their new careers on the economic construction front. Secondly, it is necessary to educate the cadres and cause them to carry forward the Army's fine tradition and continue to work hard at their new posts. It is also necessary to tell the cadres to have an overall point of view, strictly observe discipline, and willingly obey the job assignments made by the organization. In the aspect of organizational work, it is necessary to stress "carefulness" and "effectiveness." The work in all links should be done carefully and effectively.

Director Yu commended various provincial military districts for doing a great deal of fruitful work in placing cadres transferred to civilian work and for fully playing a bridging role.

#### Commentary on Issue

*HK2705052093 Beijing XINHUA Domestic Service in Chinese 0854 GMT 20 May 93*

[Commentary by RENMIN RIBAO reporter Guo Jia (6753 0857) and XINHUA reporter Xu Jingyue (1776 0079 6460)]

[Text] Beijing, 20 May (XINHUA)—Work on the placement of cadres changing jobs from military service throughout the country in 1993 has already started.

Today, as China quickens the pace of reform and modernization, work on the placement of cadres changing jobs from military service is encountering many new circumstances and problems. This year's work on the placement of cadres is proceeding in the context of a further strengthening of troop quality by the Armed Forces and taking the path of building crack troops with Chinese characteristics and is of great significance. The number of cadres changing jobs and awaiting placement this year is nearly twice that of last year. Of these cadres, a comparatively large number need to be placed in big and medium cities and hold senior posts. In quickening reform and opening up, various localities have ushered in new circumstances: Reform of party and government



organizations is now gradually proceeding and arrangements must be made for personnel numbers to be reduced by one quarter. Since the beginning of the year, government departments have gradually instituted a civil service system, and new recruits to the ranks of civil servants must undergo public examination, fair competition, selections, and appointment. Enterprises and institutions have been continuously deepening reform of the labor personnel system. These new circumstances have created favorable conditions for the placement of cadres changing jobs. First, the party and the state are very concerned about and attach importance to the placement of cadres changing jobs from military service. A few days ago, the State Council and the Central Military Commission approved and circulated "Ideas on Properly Doing Work Placing Cadres Changing Jobs From Military Service," stressing the need to do a better job in the placement of cadres changing jobs from military service. Second, the continuous development of reform and opening up and economic development is making increasingly greater demands on skilled personnel. Procuratorial, judicial, public security, industrial, commercial, taxation, social security, and other departments still need to recruit cadres. Third, cadres changing jobs this year are of comparatively good quality. Those with a college education or higher account for 46 percent, and 31.4 percent have made meritorious contributions and have received awards. They possess comparatively strong organizational and leadership abilities and have practical work experience.

Under the new circumstances, continuing to do the work of placing cadres changing jobs is a new task. It is necessary to base ourselves on the present and have our eyes on the future, and while conscientiously implementing various placement policies and ensuring the task of placement is done, we will vigorously strengthen research and study and gradually deepen reform of the placement of cadres changing jobs from military service. At present, a social environment beneficial to reforming this work is forming and some policies related to the work of placing cadres changing jobs from military service, such as organization reform, cadre personnel system reform, and civil service system reform, have been introduced or will be introduced. People's psychological preparations and endurance capacity have been strengthened further. Therefore, it is necessary to seize the opportunity to quicken the pace of reform. In keeping with the needs of national economic and social development, it is necessary to study how to vigorously create conditions favorable to bringing into play the role of cadres changing jobs to enable them to both find jobs in which they can use their skills and meet the demand for skilled personnel as the economy develops. While abolishing cadres' "lifetime tenure system," it is necessary to study how to settle questions on the duties, pay, and conditions of cadres who change jobs from military service so that they can feel the trust and care of the party and the people politically and in their lives and can foster a new concept of choice in careers, participate in personnel competition on an equal footing, and find

their best positions from this. At a time when the economy is developing rapidly and when demand for skilled personnel is getting increasingly high, it is necessary to study how to strengthen vocational training so that cadres changing jobs can really become professional personnel at their new posts. In short, in keeping with the new trend of reform and opening up and the rapidly developing economy, it is necessary to deepen reform in the work of placing cadres changing jobs from military service so it gradually changes from purely mandatory assignments to one in which the state is responsible for making job arrangements with regulation of the personnel market, and from government undertakings to arrange their placement to relying on forces in all quarters of society and being jointly responsible for their placement, and to study vigorously and establish a placement system that suits China's national conditions and army conditions for cadres changing jobs from military service.

#### **Air Force Stresses Officer Training**

*OW2705080593 Beijing XINHUA in English  
0746 GMT 27 May 93*

[Text] Beijing, May 27 (XINHUA)—As part of its effort to modernize the military, China's Air Force has paid increasing attention to the training of young and professional officers in recent years.

An official report shows that 84 percent of leading officers in the Air Force in various military areas have received a college education.

All division commanders and regional commanders are all-weather pilots and commanders who have a college background.

According to official statistics, these officers are now in the prime of life. The youngest division commander is 37 years old and the youngest regional commander is only 32 years old.

Meanwhile, noticeable changes have taken place in the mix and quality of the Air Force professional personnel, and a batch of younger and middle-aged technicians have become the backbone of the scientific and technological work. The number of senior technical cadres under the age of 45 has accounted for a fairly big proportion of the technical ranks in the Air Force.

#### **Shenyang Military Region Launches Training Plan**

*OW2605014893 Beijing Central Television Program  
One Network in Mandarin 1100 GMT 23 May 93*

[From the "National News Hookup" program]

[Text] Shenyang Military Region is currently implementing a program to train 1,000 qualified personnel. The essence of the program is to rely on military academies to train professional and technical personnel, draw support from institutes of higher learning to help train

army cadres, encourage officers and soldiers at the grass-roots level to become qualified personnel in their respective posts, and help cadres and fighters rapidly master military science and technology under conditions of high technology.

The Shenyang Military Region has also decided to call on party committees at all levels to establish a responsibility system for uncovering, testing, and providing specific training for qualified personnel; and to boldly give handsome rewards to and promote qualified personnel who have made outstanding contributions.

Considerable achievements were made not long after the program was implemented. Among these are a teaching method which involves basic squad tactics derived from military training by battalion commander Zhang Yacai, who went through the training; this method has been popularized throughout the army.

[Begin Zhang recording] Modern warfare calls for high technology. A top commander must understand and master high technology, and apply it to army building. [end recording]

Army units select and send personnel who are well versed in a variety of techniques to study at our school, and they bring some of the problems they have encountered during military training to be studied at the school. This is an important channel through which we render service to the army.

### Economic & Agricultural

#### State Urges Alleviating Farmers' Burdens

OW2705083893 Beijing XINHUA in English  
0802 GMT 27 May 93

[Text] Beijing, May 27 (XINHUA)—Central government departments are taking effective measures to alleviate financial burdens on farmers.

To this end they have set up a special group to screen documents and projects related to imposition of quotas, service charges and fines on farmers and fund-raising among them.

The Central Committee of the Communist Party of China and the State Council have urged top leaders of departments concerned to take charge of the work and complete it by the end of June.

Altogether, 93 documents and projects, which were issued by 24 ministries, commissions and bureaus, will be screened, and stipulations and projects, which pose potential burdens on farmers, must be checked, an official of the group said.

#### World Notes PRC's 'Financial Muscle'

OW2805053093 Beijing XINHUA in English  
0440 GMT 28 May 93

[Unattributed "News Analysis"]

[Text] Washington, May 27 (XINHUA)—With a growth rate of 12.8 percent last year, China is grabbing increasing world attention with its financial muscle. But is the country already an economic power?

It is, says the International Monetary Fund (IMF), although it admits that lots of people will disagree.

In an IMF report due to be released Friday [28 May], the purchasing power parity (PPP) system was used to gauge the economies of nations, and China came in an astonishing third in the world, after the United States and Japan.

However, in another report issued early this week by the United Nations Development Program (UNDP), the most populous nation ranked 101st in human development, sandwiched between Mongolia and Lebanon.

Confused? "It's simply a different methodology," said an IMF official who declined to be named. "The whole purpose, as far as the IMF is concerned, is to get a better understanding of the nation's economy."

Despite its academic nature, the new calculation, which IMF said has been debated for four years among its staff, has led to mixed feelings.

Third world sources complained that the PPP measure, which also raises the economic status of India and Russia, might have a negative impact on the international loans they receive.

"For years, the developing countries have called for aid and to bridge the wealth gap," said Wang Liansheng, executive director of China's World Bank Office. "But (the report) left an impression that there is no problem with our economy."

"We cannot say it is a welcome sign for the developing world," he stressed.

The new method, adopted for the first time in IMF's "World Economic Outlook," calculates each nation's output by what goods and services its currency will buy.

This differs from more orthodox studies which calculate each country's per-capita income by converting the value of each country's gross domestic product into U.S. dollars at the official rate of exchange.

Compared with the exchange-rate-based calculation, China's economy, as measured by the PPP, is now more than six percent of the world GDP, not the previously estimated two percent.

Conversely, the U.S. economy's percentage of the world economy fell to 22.5 percent compared with the original

method's 26 percent. America's per capita income was assessed at 22,204 dollars last year.

The new measure put per capita income in China at about 1,600 U.S. dollars in 1992, not 370 dollars as it was calculated in the exchange-rate standard.

"Market exchange rates may deviate significantly from their PPP equivalents—and there is considerable evidence that this is the case," the IMF said.

"These weights," it added, "May not be accurate measures of the relative economic size of countries."

Explaining the new measure, one of the authors of the report, although insisting on maintaining his anonymity, sought to appease concerns that it might influence the IMF and World Bank to change their standards for loans.

The new measure is "for the very purpose of improving calculation," the author said. "As far as I know, nobody in the IMF is talking about changing the criteria" for loans which have been based on per-capita GDP.

As to China, added the author, who works at the IMF's world economic studies division, "it is certainly true that China is a big economy ... and nothing can change the reality."

"It is silly to think of these things purely on political reasons," the author said.

The PPP has been under discussion in economic journals and in the general press for some time. It was first put forward by the International Comparison Program (ICP) supported by the World Bank and the UN.

IMF sources said members of its executive board had been notified of the new way of calculation, and that their comments were taken into account.

Forty percent of the 2.5 billion dollars in loans China received from the World Bank in 1992 were interest-free, or soft, loans. Half the bank's soft loans go to Africa and one third to India and China. "There has been some pressure for China to get soft loans in recent years," a Chinese official noted.

Sources said that next year, however, the amount of the soft loans allocated to China might be reduced to 800 to 900 million dollars.

Selim Jahan, a policy analyst involved in the compiling of UNDP's human development index, which is still another form of calculating national well-being, refused to comment on the merits of the new IMF calculation. But he called the two economic standards "not enough." the human development index, he pointed out, includes life expectancy and educational attainment, in addition to real per capita GDP.

China's ranking in the human development index last year was 76th in the world.

An earlier World Bank study, entitled "Global Economic Prospects and the Developing Countries," predicted that by 2002, the China economic area, which includes Mainland China, Hong Kong and Taiwan, will rank fourth in the world, after the U.S., Japan and Germany.

However, the bank said, "the (area's) output per capita in 2002 will still be low even on an ICP basis (which) suggests that it will still be at an early stage of development."

"Thus," it noted, "it could potentially sustain a leadership role in growth for a very long time."

### Regulations for Open Zone Imports, Exports

HK2805023793 Beijing FAZHI RIBAO in Chinese 21 May 93 p 2

[“PRC Regulations on Control of Imports and Exports of Zones Open to the Outside World”]

[Text] **Article 1** These regulations are drawn up in accordance with the “PRC Customs Law” and the relevant state provisions concerning cities open to the outside world and coastal open economic zones for the purpose of promoting the development of open cities and coastal economic development zones.

**Article 2** These regulations are applicable to the state approved cities open to the outside world and coastal economic open zones (hereafter referred to as “open zones”) and the methods of managing the open cities and zones along the borders will be separately formulated).

1. “Cities open to the outside world” refer to the State Council approved open cities along the coast, the Chang Jiang, coastal and hinterland provincial and autonomous regional capitals, and other State Council approved open cities, counties, and districts.

2. “Coastal economic open zones” refers to the Chang Jiang delta; the Zhu Jiang delta; the triangular area of Xiamen, Zhangzhou, and Quanzhou in southern Fujian; the Liaodong and Jiaodong peninsulas; and the other cities and counties approved by the State Council (including key industrial satellite towns approved by provincial, autonomous regional, and municipal people's governments according to state provisions) in the coastal areas as well as the imported agricultural technology projects using foreign capital which are export-oriented, production bases for agricultural products, and factories for initial processing of agricultural products in the rural areas under the jurisdiction of the above-mentioned areas.

**Article 3** Foreign trade enterprises and production enterprises engaged in imports and exports in the open zones shall go through registration formalities with the Customs authority by producing the approval documents issued by competent departments in accordance with state provisions.



**Article 4** As far as goods imported and exported by the open zones are concerned, the consignee, the consignor, or their agents shall fill in import and export declaration forms to declare their goods to Customs accurately by producing import and export licenses and other relevant invoices and vouchers for examination in accordance with state provisions.

**Article 5** The enterprises mentioned in Article 3 shall open special account books on the import and export goods given tax reductions and exemptions upon approval and submit regular reports to the Customs on the use, sale, processing, export, and inventory of relevant goods. Upon the approval of Customs, the enterprises which have conditions are allowed to establish bonded warehouses or bonded factories, which will be managed by Customs in accordance with the management methods for bonded warehouses and bonded factories.

If necessary, Customs is entitled to accredit customs officers to the relevant enterprises or industrial satellite towns to handle affairs concerning customs procedures for imports and exports and exercise actual supervision and administration. The relevant enterprises and industrial satellite towns shall provide necessary offices and facilities making things easier for them.

**Article 6** Units and enterprises in the open zones which import and export the following goods are entitled to enjoy the following preferences in terms of tariff and consolidated industrial and commercial tax (product tax or added-value tax):

1. Tax exemptions will be given to equipment and construction materials imported by foreign-invested enterprises (including Chinese-foreign joint-venture enterprises, Chinese-foreign cooperative enterprises, and solely foreign-funded enterprises) as investment (including additional investment) for their own use in production and management; imported raw and semifinished materials, components and parts, package goods and materials, and others which are actually consumed to produce export goods; a rational number of means of transport and office facilities imported for their own use within the limits of their total investment; and the home settlement goods and a rational number of means of transport imported by foreign businessmen who make investments and foreign employees including technicians for their own use.

Export duties are waived for products of foreign-invested enterprises (not including export products subject to state restrictions), when they are exported.

Office facilities and means of transport imported by the permanent organs of foreign enterprises in open cities within rational quantity limits will be exempted from taxation.

2. The importation of key equipment, instruments and meters, and other necessary components, which cannot be produced at home for the time being or whose supply

cannot be secured, for the purpose of carrying out technological transformation of existing enterprises will be exempted from taxation.

3. Taxation will be waived for importation by rural areas in cities and counties open to the outside world of seeds, young plants, breeding stock, feeder, and medicines for animal and plant protection which are needed by processing projects turning out agricultural products for export and their importation of agricultural (cultivation, planting, breeding, and farm produce) processing equipment and other necessary technology and equipment, whose supply cannot be met at home, for the purpose of developing the exportation of agricultural products.

**Article 7** Tax-reduced and tax-free goods and materials imported by enterprises, institutions, and units in the open zones which enjoy the policy of tax reduction and exemption shall be strictly used by themselves and their projects. Without getting the approval of competent departments and completing customs procedures, any unauthorized transfer, sale, or use of such goods and materials for other purposes is prohibited.

**Article 8** Finished products processed and assembled by open zones using tax-free materials and components shall be shipped out and exported.

### Article on Growth of Socialist Market Economy

HK2505073493 Beijing JINGJI GUANLI in Chinese No 1, 5 Jan 93 pp 4, 5, 16

[By Wang Haibo (3076 3189 3134): "A Selection by History—Second Comment on Socialist Market Economy"—edited by Lin Daojun (2651 6670 0689)]

[Text] In modern and contemporary Chinese history, there have been two historical selections that are of vital importance to the life and death of the Chinese nation and to the destiny of its modernized construction.

The first is the selection of the socialist system. In his famous work "On People's Democratic Dictatorship," Comrade Mao Zedong narrated vividly and profoundly the course that reflected the fundamental desire of the Chinese people, the course that progressive Chinese started by attempting to select capitalism and meet with failure, and then select socialism and win victory. Practical experiences of over 100 years (1840-1949) have fully proved that the socialist road the Chinese people have selected under the leadership of the Chinese Communists represented by Mao Zedong is absolutely correct.

The second is the selection of the socialist market economy system. Its selection by the Chinese people under the leadership of the Chinese Communists represented by Comrade Deng Xiaoping is also based on the summary of over 40 years of experiences at home (from the founding of New China in 1949 to the determination of the system of the socialist market economy to be the objective of economic structural reform by the 14th

National Congress of the CPC in 1992) and over 70 years of international experiences (from the victory of Russian October Revolution in 1917 to the disintegration of the Soviet Union in 1990). It is a conclusion drawn after many kinds of comparisons were made.

The first kind of comparison. The planned economy system with administrative mandates as the key link established in the early days after the founding of New China (hereafter referred to as the planned economy system) has its historical inevitability. It has played an important positive role in rapidly eliminating inflation, stabilizing the economy, and building the foundation for socialist industrialization. However, such a system excluded from the outset the growth of the socialist commodity economy, and became ever more unsuitable to the requirement of socialization of production. Therefore, the central authorities forwarded an economic structural reform plan in 1956 and twice discussed, in 1958 and 1970, its implementation. But this reform plan was constrained in by the framework of the socialist product economy theory, and reform practice was limited to administrative decentralization between the central government and local governments and to delegating power to state-owned enterprises to a limited extent. It was precisely this point that essentially determined that reform on these two occasions ended in failure. It thus greatly delayed the process of production and construction, the process of enhancing national comprehensive strength and the life of the people, and impeded effective and full play being given to the superiority of the socialist system.

After the Third Plenary Session of the 11th National CPC Congress, Comrade Deng Xiaoping systematically forwarded the theory of building socialism with Chinese characteristics. Under the guidance of this scientific theory, China's economic structural reform has gradually gotten onto the right track of building the system of the socialist market economy, and it is precisely because of this that China's economic structural reform has made achievements that attract worldwide attention.

First, there has been rapid development in multiple economic sectors with socialist public ownership as the main body, which has changed on a preliminary basis the situation of single socialist public ownership (primarily state ownership) that existed before 1978. According to calculations by specialists concerned, from 1978 to 1990, the proportion of output value of the socialist state enterprises in gross national product [GNP] went down from 56 percent to 40 percent; that of collective enterprises went up from 42 percent to 50 percent; that of enterprises of other economic sectors (including individual enterprises, private enterprises, and "foreign invested" enterprises) went up from two percent to 10 percent. (Note: (1) JINGJI RIBAO, 24 Mar 1992, p 3.) This kind of changing trend continued after 1991.

Second, the people's commune system of "three-level ownership with the production team as the basic level" in rural areas before reform has been changed into the

system of "combination of centralization and decentralization, and double-level operations, with the contract responsibility system on a household basis with remuneration linked to output basis as the key link," which is being perfected gradually. In fact, the number of households to which jobs have been contracted already accounts for 94.5 percent of the total number of peasant households in all China. (Note: (2) "Brilliant Achievements of China's Agriculture From 1949 to 1984," p 3, Statistics Publishing House, 1984 Edition.) The perfection rate of agricultural contracts rose from 43.3 percent in 1986 to 77.1 percent in 1991; the fulfillment rate rose from 77 percent to 91.2 percent; the dispute rate went down from 6.4 percent to 3.2 percent. (Note: (3) PEOPLE'S DAILY, 11 Oct 1992, p 2.)

Third, contract-based management responsibility and leasing systems have also been carried out on a universal basis in state enterprises that occupy a leading position in the national economy, and they are in the process of being transformed from appendages to state administrative organizations before reform to independent commodity producers and operators. According to investigation data in recent years, among state enterprises, about one-third have been invigorated, about one-third are not energetic, and about one-third very weak in vitality.

Fourth, there has been rapid development in the market system that includes product markets, productive factors, and equity markets. It has changed preliminarily the situation before reform, in which the market was highly undeveloped. Related to this, the state macroeconomic management also started changing from direct administrative mandates before reform to indirect management. At present, the part of industrial production based on state mandatory plans accounts for only a little over 10 percent; agriculture is basically regulated by the market under guidance by state policies and plans. (Note: (4) PEOPLE'S DAILY, 6 Nov 1992, p 5.)

Fifth, there has been huge progress in the opening-up drive, which has distinctly changed the situation of closed-door policy before reform. From 1978 to 1991, the total volume of import and export trade increased from 35.5 billion yuan to 722.93 yuan, and its proportion in GNP increased from 9.9 percent to 36.4 percent. From 1979 to 1991, the amount of actual use of foreign investments reached \$79.629 billions, of which investment in 1983 was \$1.981 billion, rising to \$11.554 billion in 1991. (Note: (5) "China Statistics Yearbook 1992," China Statistics Publishing House, pp 31, 627, 641.)

Under the drive of economic structural reform, since 1979, China has entered a new stage in production and construction, in comprehensive national strength, and the life of the people. In 1991, the GNP increased to 1,984.56 billion from 358.81 billion yuan in 1978; calculated by comparable price, the annual average growth rate from 1979 to 1991 was 8.6 percent, distinctly higher than the 6.1 percent rate from 1953 to 1978. According to tests by specialists concerned, in order of

arrangement of the world's major countries, China's comprehensive strength took the 13th place in 1949. It rose to the 10th place in 1962, to the eighth place in 1980, and to the sixth place in 1990. The residents' average consumption level in all China increased from 175 yuan in 1978 to 803 yuan in 1991; calculated by comparable price, the annual average growth rate from 1979 to 1991 was 6.5 percent, also much higher than the 2.2 percent rate from 1953 to 1978. (Note: (6) (same as (5), p 31, 276-277. [as published])

Based on the above facts, we can say that although China's economic structural reform has met with many difficulties and setbacks, and that a new economic structural framework has not been fundamentally built up at present, China has indeed made unprecedented gigantic achievements and has also displayed on a preliminary basis the tremendous power of the socialist market economy in its course of establishment.

The second kind of comparison: China's economic structural reform started from the rural areas, and rural reform has led to huge achievements that win worldwide acknowledgement. Marked achievements have also been made in urban industrial reform during this period, yet relative to rural reform, urban industry taken as a whole still obviously appeared to be relatively delayed. Consequently, the relative growth rate of total agricultural output (i.e., the rate comparable to industry) has been greatly increased. From 1953 to 1978, the annual average growth rate of agriculture was 5.9 percent, of industry 12.2 percent, and the ratio between the two was 1:4.2; from 1979 to 1991, the annual average growth rate of agriculture was 5.9 percent, of industry 12.2 percent, and the ratio between the two was 1:2.1. (Note: (7) "China Statistics Yearbook 1992," pp 55, 56.) The heightening of the relative rate of agriculture is determined by many reasons. But rural reform and the early and rapid development of the rural market economy are obviously the most important reasons.

The third kind of comparison. In all of the eighties, the annual average GNP growth rate for all of China was 9 percent, and for Guangdong Province over 20 percent. In 1991, it was 7.7 percent for all of China, and it remained high at 13.5 percent for Guangdong Province. (Note: (8) RENMIN RIBAO, 4 Jun 1992, p 2.)

The fourth kind of comparison. Since reform, the output value growth rate of township and town enterprises has greatly exceeded that of China's economic growth rate. For instance, in 1991 the output value growth rate of township and town enterprises was high at 20 percent, about 13 percent higher than that of all China. (Note: (9) RENMIN RIBAO, 29 Feb 1992, p 2.)

There are many factors that determine the difference in the economic growth rate between Guangdong Province and township and town enterprises and that of all China, and there are also many incomparable factors. But the decisive factor is that the role of market regulation in

Guangdong Province and township and town enterprises is far greater than that in all China.

The fifth kind of comparison. From 1950 to 1978, the annual average growth of national income of the former Soviet Union was 7.7 percent, and it was 6 percent in China from 1952 to 1978 before reform. The Soviet Union was higher than China by 1.7 percent. However, from 1979 to 1990 after China carried out reform, the annual average growth rate of China's national income rose to 8.4 percent, and the former Soviet Union was only 2.8 percent, lower than China by 5.6 percent. Such a change shows the serious hindrance to the economy by the planned economy system of the former Soviet Union, and also shows that China's market economy-oriented reform has played an extremely important role in promoting economic development. Moreover, such a change can also essentially explain why it is hard for the former Soviet Union to avoid disintegration, and why China can continue maintaining a consolidated political situation of stability and solidarity after putting down the 1989 political disturbance.

Therefore, this indeed conforms to the trend of the times (the trend of emancipating and developing social productive forces,) and accords with the will of the people (that reflects the fundamental interests of the people) for the 14th National CPC Congress to determine the building of the socialist market economy to be the objective of China's economic structural reform. And the formation of such a will of the people is a scientific summary of several decades of practical experiences and a prudent selection after many kinds of comparison.

If we say that the first selection (the selection of the socialist road) ensures the victory of the socialist system in China, then the second selection (the selection of a socialist market economy system) provides a fundamental guarantee for consolidating China's socialist system. It is of extremely important and far-reaching significance.

### Official Expects 'Drastic Fall' in Renminbi

HK2705143793 Hong Kong MING PAO in Chinese 21 May 93 p 7

[By staff reporter Wang Chien (3769 0494): "The Renminbi Is Facing Its Second Drastic Fall, and Foreign Businessmen Are Adopting a Wait-and-See Attitude and Are Deferring Capital Injection"]

[Text] A senior Chinese official in charge of finance pointed out to this reporter yesterday: China is facing the top-priority task of curbing the ever-growing inflation; if it cannot, it will be difficult to prevent a drop in the real exchange rate of the renminbi. Foreign businessmen have begun to adopt a wait-and-see attitude towards investment, and this will severely affect China's reform and opening up.



This official, who spoke on condition of anonymity, pointed out: As a matter of fact, the renminbi's real exchange rate is now experiencing its second drastic fall this year.

It was understood that, during the first round of panic buying of foreign currency early this year, the exchange rate of HK\$100 [Hong Kong dollars] to renminbi rose from 90 yuan to approximately 110 yuan on the Shenzhen black market, whereas, during the most recent round of panic buying, the exchange rate of HK\$100 to renminbi has risen from 110 yuan to over 130 yuan on the Shenzhen black market, and it looks like it is going to rise even further. The official pointed out that the fall this time was caused by the continually growing inflation. He said: The instability of the renminbi's exchange rate has already led foreign businessmen to defer capital injection, and these deferred funds are largely related to projects that are earning profits in renminbi.

When discussing the reasons behind the continual fall in the renminbi's exchange rate, this official pointed out: This year, the regulated market and the black market for renminbi have experienced a drastic fall. This has happened because people are anticipating that China will resume its status as a signatory to GATT, and, when this happens, there will be a huge growth in imports, and the state will relax its restrictions on foreign currency. On the other hand, the panic buying of foreign currencies was begun by foreign-invested enterprises, and then state-run enterprises followed suit and bought large amounts of foreign currencies. Local residents also began to speculate in foreign currencies, and the combined effect was a drastic fall in the renminbi's real exchange rate.

He pointed out: The recent fall in the renminbi's exchange rate has also been caused by the high rate of inflation. Because large numbers of residents now have all kinds of electrical appliances and other consumer durables, there is no need to purchase daily necessities as a hedge against inflation. Moreover, the panic buying of 1988 taught people that purchasing daily necessities was not a way of hedging against inflation. Hence, people rushed to purchase foreign currency to fight the effects of inflation, and this led to the second drastic fall in the real exchange rate of the renminbi. Recently, the black market exchange rate for \$1 was more than 11 yuan.

The official analyzed that, apart from panic buying, the fall in the renminbi's real exchange rate was also attributed to factors at a deeper level: On the one hand, the value of the renminbi was overestimated for a long time. Before 1984, the official exchange rate for \$1 was 1.5 yuan. In December 1984, the renminbi depreciated by 46 percent, bringing the exchange rate for \$1 to 2.79 yuan. In 1990, the exchange rate was further adjusted, and \$1 could be exchanged for 5.2 yuan; in April 1991, the exchange rate dropped further, and \$1 was worth 5.7 yuan. The exchange rate of \$1 on the regulated market was higher than the official rate by 5 to 35 percent. Because the value of the renminbi was overestimated, a

fall in the exchange rate was a certainty. On the other hand, China has achieved high-speed economic growth since last year, but the benefits are still not being fully felt. Last year, China achieved an industrial growth rate of 20 percent, but the index of economic benefits only grew by 6.2 percent, and the losses that state-run enterprises incurred was as high as over 440 billion yuan, which almost canceled out the economic growth. Due to potential problems in the economy, the renminbi cannot be strong.

He pointed out: China's foreign exchange reserve has dropped due to its trade deficit in the first quarter, but there is still a very high demand for imports. It is thus impossible for China to use its foreign exchange reserve to support the renminbi in the market. Therefore, one can predict that the renminbi's real exchange rate will fall again.

The official made an appeal: To maintain a stable exchange rate for the renminbi, it is necessary to take effective measures to guard against further deterioration in inflation, because a stable exchange rate is one of the conditions for attracting foreign investment. Otherwise, the results achieved during these several years of reform and opening up will have to be written off.

#### State Council Discusses Draft Economic Laws

OW2805113393 Beijing XINHUA Domestic Service in Chinese 0901 GMT 28 May 93

[By RENMIN RIBAO correspondent Bao Yujun (0202 5148 6874) and XINHUA correspondent Min Fanlu (7036 0416 6424)]

[Text] Beijing, 28 May (XINHUA)—Entrusted by Premier Li Peng, Vice Premier Zou Jiahua today called and presided over the fourth State Council executive meeting. The meeting discussed and adopted in principle the "PRC Anti-Unfair Competition Law (Draft)" and the "Amendment (Draft) to the PRC Economic Contract Law."

The meeting held that the commodity economy has developed continually and the market has become increasingly active since the nation implemented the policy of reform and opening up to the outside world. Unfair competition arising from market economic activities are no longer an isolated phenomenon. To uphold the socialist market economic order, encourage and protect fair competition, check unfair competition, and safeguard the legitimate rights and interests of business operators, it is essential to formulate a law to counter unfair competition.

The "PRC Economic Contract Law" was adopted at the Fourth Session of the Fifth National People's Congress [NPC] on 13 December 1981 and went into effect 1 July 1982. Following the constant development and deepening of reform, some of its provisions are increasingly unsuitable for actual economic activities; furthermore, it is, on some important issues and in certain instances,

inharmonious and inconsistent with the General Code of the Civil Law, the Civil Procedure Law, the Foreign Economic Contract Law, and the Technical Contract Law, which were formulated later. Therefore, the revision of the Economic Contract Law is imperative and generally required by various quarters.

After necessary revisions are made, the NPC Standing Committee will submit these two draft laws for deliberation.

### **Industrial Profits Increase in First Quarter**

*HK2805084093 Beijing CHINA DAILY in English 24 May 93 p 2*

[By staff reporter Wu Yunhe: "Big Surge in Profits for Many Enterprises"]

[Text] New figures based on both profits and taxes paid show that China's industrial enterprises enjoyed increases of 50 percent during the first quarter of this year.

Profits with taxes reached 68.3 billion yuan (\$11.8 billion), up 50 percent from the same period last year, the State Statistics Bureau said.

The bureau said the major causes of the profits increases were the current surges in production and a price hike for a wide range of commodities.

Retail prices increased on average by 18 percent in the first quarter of this year.

Bureau economists warned that investments in production could only bring back a minor output value as well as slim profits.

The major problems were rising inflation and money losses in production by some of the country's industrial enterprises.

The bureau warned that a further undue acceleration of industrial production might trigger a final setback of both industrial production and economic efficiency.

Bureau statistics showed that during the first three months of this year production losses by the deficit-ridden industrial enterprises increased 5.7 percent compared with the same period a year ago.

Compared with the same period in 1992, heavy industry saw its profits and taxes go up by 73.1 percent; light industry only chalked up a rise of 21.8 percent.

The gap between the economic efficiencies of heavy and light industries was further widened because the product mix could not keep abreast with the latest market trends.

Through sales promotion activities, the State-owned large- and medium-sized industrial enterprises witnessed their sales rise slightly higher than those of collectively-owned and individual factories.

State-owned firms sold out 95.5 percent of their products during the first quarter of this year, but the collectively-owned factories saw only 88.2 percent of their products being purchased by consumers.

### **Agency Tightens Industrial Pollution Controls**

*HK2805081593 Beijing CHINA DAILY in English 26 May 93 p 1*

[By staff reporter Zhu Baoxia: "Industrial Pollution Controls Tightened"]

[Text] The National Environmental Protection Agency (NEPA) has taken steps to tighten inspection and control over industrial enterprises that have been found to discharge untreated pollutants from their plants.

Some 3,000 enterprises from across the country have been chosen as the target during the first phase of the national anti-pollution drive from 1993 to 1995, according to Wang Yangzu, deputy director of NEPA.

These enterprises are mainly from the chemical and metallurgical, paper making, food processing, electricity generating and building materials industries.

The 3,000 enterprises, representing only 4 percent of domestic firms that produce pollutants, are, nevertheless, responsible for nearly 60 percent of the annual volume of industrial pollutants discharged in the country.

Most of the chosen firms are located in the 12 industrialized provinces of Liaoning, Hunan, Sichuan, Henan, Jiangsu, Shandong, Zhejiang, Heilongjiang, Jilin, Hubei, Shanxi and Hebei.

NEPA hopes that industrial pollution, which is the major cause of the country's environmental problem, may be brought under control by the end of the century, and urban environment will also be greatly improved.

The deputy director explained that the strategy is to urge enterprises involved to renovate production techniques and improve the environment, and to get more people informed of situations so as to strengthen public supervision over these industrial units.

These units will be given first consideration when the local governments allocate pollution treatment input, according to the deputy director in charge of pollution control.

The NEPA also asks the local environmental protection departments in each province, municipality or autonomous region to pick out the major industrial pollutant producers in their locality, and provide them with financial and technical support.

Wang told a press conference yesterday in Beijing that industrial pollution control is a long-term and arduous task in the country, since more than 70 percent of the pollution is from industries.



Although the country has achieved much progress in curbing industrial pollution, the situation remains severe because of the continued expansion of industry.

The country's coal consumption in the industrial sector increased from 400 million tons in 1985 to some 600 million tons in 1991, resulting in a deteriorating pollution from sulphur dioxide discharge and stockpiling of solid wastes.

Wang pointed out that means of pollution controls were limited on treating pollutants during China's environmental protection drive from 1972 to 1980, because of insufficient knowledge and facilities.

Through years of practice, the environmental administrators realized that as long as the pollutant producers shifted their responsibility onto the government or society and did not control pollution actively, no pollution would be controlled effectively.

In addition, funds for environmental protection were insufficient and pollution treatment technologies lagged behind the developed countries.

So, the national environmental departments set up more effective mechanisms to restrict pollution discharge and encouraged every unit to improve their pollution control work.

They also established guidelines which stipulate that pollution control must be promoted by intensifying environmental management, that the focal point of pollution control will be at the provincial level.

The Second National Conference on Environmental Protection in 1983 made environmental protection a fundamental national policy of the country.

### **Firm Works 'Miracles' in Tunnel Construction**

HK2705062293 Beijing RENMIN RIBAO in Chinese  
20 May 93 p 2

[By Si Xuan (0674 1357) and Zhang Keming (1728 0344 2494): "China Railroad Construction Corporation Works Miracles in Tunnel Construction"]

[Text] The China Railroad Construction Corporation relied on advanced science and technology, maintained a spirit of breaking through and hard work, and successfully completed a series of difficult, dangerous, and sizable tunnel projects. In recent years, they have worked miracles in tunnel construction and have won a high reputation at home and abroad. So far, the company has built tunnels with a total length of 1,160 km, accounting for one-ninth of the length of all existing railroad tunnel in the world. The company has targeted its work mainly at difficult, dangerous, and large tunnel projects; has actively adopted new technology and settled major technical problems one after another; and has completed projects of high repute at home and abroad one after another. When building the Xidan subway station in

Beijing, they adopted new technology for tunnel supports and consolidation and achieved first-class results.

### **Millions of Surplus Agrarian Workers 'Likely'**

HK2805083093 Beijing CHINA DAILY in English 26  
May 93 p 1

[By staff reporter Gao Anming: "Small Rural Towns Key for the Surplus"]

[Text] A leading Chinese agricultural official said yesterday that the country presently has 130 million rural surplus labourers and is likely to have 230 million in the coming century unless action is taken.

It is the government's obligation "to help arrange jobs for them, just as the government is doing for the unemployed in the cities," said Zhang Yanxi, Vice-Minister of Agriculture.

He stressed that the development of small towns in the countryside was a major part of the country's rural modernization drive and would help alleviate the problem.

Zhang told a seminar of agricultural journalists from 11 Asian countries that modern towns will be built on the current sites of township-level governments. The towns will have advanced industries and services, and accommodate a certain proportion of farmers as permanent urban residents.

The minister did not give a time-table or specify the percentage of farm population that would be allowed into the towns.

China presently has 900 million farmers, or 80 percent of the total population, most of whom live in the countryside.

The seminar, from Tuesday to Saturday, is jointly sponsored by the All-China Journalists Association, the All-China Association of Farmer's Newspapers, Farmer's Daily and the Beijing Daily Rural Edition, in cooperation with the United Nations Educational, Scientific and Cultural Organization.

Participating journalists will exchange views on the current status and prospects of agricultural operations in Asia and discuss possibilities to improve their role in their countries' development.

Zhang said the Chinese Government would see to it that the annual per capita rural income was raised from 784 yuan (\$137) in 1992 to 1,200 yuan (\$209) by 2000.

### **Ministry Cancels 43 Emulation Programs**

OW2805024093 Beijing XINHUA Domestic Service in Chinese 0825 GMT 26 May 93

[Text] Beijing, 26 May (XINHUA)—According to the party Central Committee's and the State Council's call for conscientiously alleviating the peasants' burden, the

Ministry of Agriculture, which is authorized to take charge of supervising and managing peasants' burden across the country, recently announced the cancellation of 43 target-attainment programs launched in rural areas for which peasants are required to contribute money, materials, and labor. These target attainment programs are:

On Building Militia Training Bases; Constructing Buildings for Elementary and Middle Schools and on Improving Their Environments; On Designating Advanced Counties for Educational Accomplishments; On Designating Advanced Townships and Towns for Educational Accomplishments; On Building Agricultural Science and Education Centers; On Standardizing Management Household Registration Certificates; On Improving Public Order in Rural Areas; On Building Police Substations; On Building Senior Citizens' Homes; On Building Cineraria; On Designating Model Double-Support Counties; On Civil Administration and Labor Insurance; On Designating Civilized Villages (Five-Good Families); On Establishing Courts; On Establishing Judicial Organs; On Establishing Financial Institutions; On Village and Town Construction; On Building Power Stations in Rural Areas; On Improving Electricity Supplies in Rural Areas; On Building Standard Power Distribution Complexes; On Building Medium-Sized Reservoirs, Managing Pump Stations, and Building Dikes; On Promoting the Use of Energy-Efficient and Firewood-Saving Cooking Stoves; On Building Methane-Generating Pits; On Establishing a Grass-Roots Agricultural Service System; On the Tieniu [Tractor] Cup and Xingmu [Animal Husbandry Development] Cup; On Designating Advanced Counties in Flatlands Afforestation; On Building Cultural Stations (Centers and Halls) in Rural Areas; On Building Broadcasting Stations in Rural Areas; On Primary Hygiene and Health Care; On Designating Advanced Public Health Counties; On Exterminating Mice; On Improving Quality of Drinking Water and Lavatories in Rural Areas; On Cooperative Medical Care and Public Health Projects; On Setting Up Family Planning Service Stations; On Establishing Land Management Bureaus in Townships and Towns; On Standardizing Statistical Work; On Designating Advanced Counties To Run Insurance Business; On Designating Advanced Physical Culture Counties; On Running Party Schools in Townships and Towns; On Strengthening Party Branches at the Village Level; On Strengthening Communist Youth League Branches at the Village Level; On Women's Work; and On Soliciting Newspaper and Magazine Subscriptions.

#### Ministry Lists Ways To Correctly Collect Funds

OW2805024693 Beijing XINHUA Domestic Service in Chinese 0738 GMT 26 May 93

[Text] Beijing, 26 May (XINHUA)—The Ministry of Agriculture, which is authorized to take charge of supervising and administering the peasants' burden nationwide, recently announced how to handle and correct 10 mistakes in collecting money from peasants:

1. Drawing funds retained by villages for their own use and those raised under unified arrangements by townships before the due date;
2. Collecting additional fees at each district, township, village, and work group level, in addition to retaining a portion of fees raised under unified arrangements with the approval of county (city) authorities;
3. Indiscriminately transferring funds raised under unified arrangements by townships (towns) to counties (cities) and higher administrative levels for use by the latter;
4. Making up for township (town) financial deficits with funds raised at the same level under unified arrangements;
5. Apportioning equally various taxes, charges, and work quotas based on population and farmland acreage;
6. Collecting fees beyond prescribed standards and areas;
7. Expropriating grain, livestock, furniture, and so forth—in the name of a "small squad," "work team," "shock brigade"—by judicial or other compulsory means;
8. Arbitrarily deducting money when peasants sell their products and collect down payments for their purchases;
9. Forcing peasants to obtain loans to pay for taxes and fees of all kinds; and
10. Arbitrarily replacing service contributions with funds.

#### 'Fake Farming Goods' Prompt Farmers' Discontent

HK2805075293 Beijing CHINA DAILY in English 26 May 93 p 3

[By staff reporter: "Anger as Fake Farming Goods Miss Standards"]

[Text] More than half the chemical fertilizers, farm chemicals, fodder, grass seeds and spare parts for farm machines produced in the past three months failed to meet national production standards.

The news is contained in a recent nationwide survey by the Ministry of Agriculture.

And the figures show a two-fold increase over the same time last year.

Now, the ministry has urged governments at all levels to make improvements to farm production materials a priority.

Li Anning, an official with the Ministry's Department of Quality and Standards, said they felt "great concern over the increasing and serious quality problems."

These had gravely affected agricultural production and given rise to discontent among farmers, Li said.

The survey was conducted from February to March by Li's department and provincial quality supervision centres in most provinces and regions.

Central government abolished the monopoly of farm production materials late last year.

### The Rush

Since then, many departments, enterprises and individuals have begun to produce or trade in such materials, some without licences, said Li.

As a result, some inferior and fake farming goods were produced and sold to farmers eager for them during busy farming seasons.

In March last year, some 250 tons of fake compound fertilizers were sold to Jiaxian County, Henan Province, which led to a sharp drop in tobacco output and cost farmers up to 6.1 million yuan (\$1 million).

The recent survey covered 483 sample products of 49 kinds made by 339 enterprises in 29 provinces, municipalities and regions.

Only 40.58 percent of them met the national production standards, according to the survey.

It shows that 75.44 percent of sample chemical fertilizers chosen from Sichuan, Jiangsu and Anhui provinces failed to meet the State-set standards.

And some fodder and additives even contain harmful or poisonous materials, said Li.

He added: "The poor quality of farm production goods has seriously affected agricultural production and given rise to concern and discontent among farmers."

The Ministry of Agriculture has called on local governments to improve the quality of chemical fertilizers, farming chemicals and other farm production materials.

### Li Lanqing Addresses Grain Procurement Meeting

OW2605123793 Beijing XINHUA Domestic Service in Chinese 1312 GMT 19 May 93

[By RENMIN RIBAO reporter Li Jianxing (2621 1696 5281) and XINHUA reporter Jiang Jun (1203 6511)]

[Text] Beijing, 19 May (XINHUA)—In a national telephone conference held this evening on summer grain and edible oil procurement and funding arrangements, Vice Premier Li Lanqing pointed out: Governments at all levels must attach great importance to procuring grain and edible oil in the summer; there must not be any failure to make good on our policy.

Li Lanqing said: This will be the first summer grain procurement since the 14th CPC National Congress and the First Session of the Eighth National People's Congress. The coming summer purchasing of grain and edible oils will reflect the series of policies and measures adopted by the CPC Central Committee and the State Council concerning agricultural production and grain work. At stake are the development of agricultural production, the relationship between the party and state on the one hand and peasants on the other, and the party and state's good standing. This summer's purchasing will be the first time since the state lifted controls on grain prices and trading nationwide. How the purchasing proceeds will have a crucial impact on deepening reform of the grain circulation system and on stabilizing the national economy as a whole.

He pointed out: The key to the success of summer purchasing lies in raising purchasing funds. Administrations at all levels should take effective measures to earmark the necessary funds as soon as possible, in conjunction with banks and financial and grain departments. They must see to it that, in addition to funds for grain quotas procured at fixed prices, there will be sufficient funds for grains to be procured at negotiated prices and for oil-bearing crops. Banks should set up special accounts for procurement funds and circulate those funds within the banking system. In addition to securing sufficient funds, they must also ensure the supply of funds in the course of allocating and selling grain; funds must not be diverted to other uses to ensure that peasants will be paid cash when selling their grains. Funds that are the responsibility of local treasures should be allocated promptly; if they fail to do so, treasures at higher levels must make deductions for funds due them. No new debts should be incurred. Grain departments must step up efforts to raise the funds that are their responsibility. Localities and departments concerned should have clearly defined responsibilities to ensure the timely allocation of funds and to eliminate IOU's.

Li Lanqing emphasized: The series of measures for summer grain procurement—such as pricing policies, additional prices, and the supply of materials needed for agricultural production—have a direct bearing on the peasants' immediate interests. Under this year's circumstances—a widening gap between the prices of industrial and agricultural products and waning enthusiasm for grain production among peasants—leaders at all levels and various departments must pay greater attention to this problem and give the peasants tangible benefits. They must by no means do anything to harm peasants' interests. The State Council is determined to make good on payments to peasants to cover the price differentials for materials linked to the contracted procurement of grain and cotton that should be borne by the central authorities. The portion to be borne by local authorities must also be earnestly carried out. If they are short of funds, they should find the money—even it means launching fewer new projects—and make it, together with allocations from the central authorities, available to

grass-roots procurement units before procurement starts. These payments for price differentials should be paid to the peasants together with money for grain purchases. These funds must not be deducted or diverted to other uses.

Li Lanqing said: Grain is a special commodity of strategic significance. Although the state has lifted controls on grain prices and trading, state grain departments still perform such important functions as adjusting the grain market, contract purchasing, disaster relief, military grain supply, and grain storage for regulatory purposes. They will continue to function as the main channel in a market economy and to provide support to agricultural development. Personnel involved in various stages of grain circulation may be reduced in light of their workloads. However, essential personnel must be retained, and by no means should all personnel be allowed to engage in business activities, thereby affecting nationwide grain circulation and the protection of state property.

It has been disclosed that China's grain output this summer will basically remain at the same level as that of last year or will decrease slightly, while the output of

edible oil products will decrease somewhat due to a drop in areas sown to oil-bearing crops. But this year is still a good year for grain and edible oil production.

This evening's national telephone conference on summer grain and edible oil procurements and funding arrangements was jointly sponsored by the Internal Trade Ministry [ITM], the Finance Ministry, and the People's Bank of China [BOC]. He Chunlin, deputy secretary general of the State Council, relayed the "Circular on Executing Well This Year's Procurement of Agricultural and Side-line Products" issued by the General Offices of the CPC Central Committee and the State Council. Bai Meiqing, deputy head of the group in charge of founding the ITM and director of the State Grain Reserve Administration; Xiang Huaicheng, vice minister of finance; Zhou Zhengqing, BOC vice president; Ma Yongwei, president of the Agricultural Bank of China; and Zhang Xiao, president of the Industrial and Commercial Bank of China, spoke on specific arrangements for grain procurement and funding arrangements. Chen Junsheng, state councillor; Yu Xiaosong, vice minister of the State Economics and Trade Commission; Zhang Haoruo, internal trade minister; and other leading comrades attended the meeting.



## East Region

### Fujian Real Estate 'Whirlwind' Raises Concerns

HK2505073293 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1305 GMT 19 May 93

[By Li Xiangyang (2621 0686 7122)]

[Text] Fuzhou, 19 May (ZHONGGUO XINWEN SHE)—Facing a real estate business "whirlwind" with an increasingly stronger momentum, Fujian's highest echelon has come to see that, should the blindness and subjective arbitrariness which exists universally in the real estate business craze fail to be corrected, there will be a lot of trouble in the days to come.

Not long ago, Lin Fanglei [2651 2455 4320], deputy director of the Fujian Provincial Land Administration, indicated here that in recent years domestic and overseas real estates businessmen have been optimistic about Fujian's investment environment and were sure about a strong momentum of appreciation for coastal land prices; they have invested in developments one after the other, thus promoting an unprecedented vitality in Fujian's real estate market.

However, because of legislation that has lagged behind, insufficient experience in various places, and weak macroscopic controls, some problems have surfaced and found expression as follows:

- Some areas were impatient about importing foreign investment to start development projects regardless of the local level of economic development; they blindly competed with each other, vied to reduce land prices, and even sold their land at prices lower than the cost of land requisition, with land almost given away like gifts.
- In contending for overseas investment and land sales, consideration was rarely given to town planning and the development layout; consequently, a lot of arable land was occupied and lost. For example, 20 real estate development headquarters in a small city did things their own way; last year, 14 contracts for large-scale construction projects were signed, covering an area of 86 square km, whereas most land occupied was arable land and orchards. However, few of the projects have actually been implemented.
- State-owned urban land is mostly leased in the form of an accord; however, land leased by the form of public auction and invited tenders counts for a very small proportion. The man in the street calls these land price agreements with poor transparency as "prices set by the mayor (or county governor)."
- Deputy Director Lin Fanglei stated that by the end of 1992, there were over 800 real estate developers in Fujian and 77 large-scale construction projects were approved, involving an area of 56 square km. The high rate of development in the real estate market has

vigorously promoted the activities of Fujian's export-oriented economy, and has accelerated infrastructure building and the transformation of cities. However, the alarm should be sounded on the hidden danger behind the real estate craze to rouse the attention of the administrative leadership in various places.

Lin Fanglei indicated that to put the real estate market onto the track of healthy development, it is necessary to basically deepen our understanding of the concept of land values, reduce direct operations of government functional departments, augment the role of intermediate organizations, and promote a real estate market operating under the insurance of complete, perfect, wide-ranging laws, decrees, and restrictions to realize equal competition.

### Shandong Economic Development Report

SK1905045593 Jinan DAZHONG RIBAO in Chinese  
30 Apr 93 pp 3, 4

[Shandong provincial report on the 1992 national economic and social development situation and the 1993 draft plan given by Lin Shuxiang, chairman of the provincial planning committee, at the first session of the eighth provincial people's congress on 16 April 1993]

#### [Text] 1. 1992 National Economic and Social Development Situation

The year 1992 was one in which the province made great achievements in economic construction, reform, and opening up. The provincial party committee and the provincial government guided all people of the province to conscientiously implement the guidelines of Comrade Deng Xiaoping's important talks made during his inspection tour of south China and the guidelines of the 14th party congress, grasped favorable opportunities to speed up development, and fulfilled and exceeded major planned targets for national economic and social development which were approved at the fifth session of the seventh provincial People's Congress.

A. Economic development was comprehensively accelerated, and overall economic quality was further upgraded. The major economic targets were generally higher than those of previous years. The gross domestic product reached 198 billion yuan, meeting the planned target by 111.7 percent and showing an increase of 19.5 percent over the previous year. The primary, secondary, and tertiary industries increased respectively by 1 percent, 29.1 percent, and 23.2 percent.

Due to serious natural disasters, the output of grain, cotton, and oil-bearing crops was reduced by 8.4 percent, 49.9 percent, and 28.7 percent respectively. The province still maintained a steady development of the rural economy thanks to the efforts made by people from high levels downward throughout the province to combat the disasters and reap bumper harvests. Total agricultural output value reached 84 billion yuan, an increase of 1.8 percent. The production of forestry, animal husbandry,

sideline occupation, and fishery increased by a big margin. The wooded areas, the total meat production, and the output of aquatic products respectively rose by 45.2 percent, 12.4 percent, and 25.2 percent. The total output value of the rural industry, commerce, building industry, and transportation trade reached 203.2 billion yuan, an increase of 38 percent.

The industrial growth rate and the industrial economic results increased at the same speed. Total industrial output value reached 354.34 billion yuan, an increase of 33.5 percent. Of this, output value achieved by industries at or above the township level reached 232.87 billion yuan, an increase of 23.2 percent. The marketing sales value reached 217.26 billion yuan, an increase of 24.1 percent. Product marketing rate was 93.3 percent. Profits and taxes rose 26.5 percent and the number of money-losing enterprises was reduced by 2.4 percent.

A good situation with the acceleration of the development of tertiary industry emerged. The added value of the tertiary industry reached 44.8 billion yuan, and the proportion of the tertiary industrial output value in the gross domestic product rose by 2 percentage points. Monetary, insurance, real estate, science and technology, and labor service markets were further developed. There were more than 7,800 markets of various categories. The passenger and goods transportation volumes respectively increased by 7.5 percent and 7.7 percent. Total postal and telecommunications business volume reached 1.56 billion yuan, an increase of 51.1 percent.

B. Structural reforms in the economy continued to deepen, and the functions for market mechanism were noticeably strengthened. The pace of enterprise reform was accelerated. The province made noticeable achievements in reforming three systems by conscientiously implementing the "enterprise law" and the "regulations" on changing the managerial mechanism. Four hundred and ninety-two enterprises at or above the county level carried out the shareholding system and more than 30,000 collective and town and township enterprises carried out the shareholding cooperative system. The price reform was strengthened. The prices of 95 percent of the retail sale commodities were decontrolled. The social guarantee system was ceaselessly improved. The scale of the old-age insurance and unemployment insurance for staff members and workers was further expanded. We made new strides in reforming the urban housing system and the free medical service system and made new progress in reforming planning, financial, banking, investment, and circulations systems. Changing government functions, reducing administrative procedures, and delegating power to lower levels resulted in the creation of conditions for deepening reform.

C. We opened still wider to the outside world and achieved a breakthrough in developing an export-oriented economy. The province conscientiously implemented the development strategy emphasizing the

export-oriented economy and established an initial pattern of overall opening up from coastal to inland areas. Exports increased by a large margin, with the total volume reaching \$4.7 billion, up 22.8 percent. A significant breakthrough was achieved in the use of foreign capital. In the year, 4,651 foreign capital utilization projects were approved, the contracted amount of foreign capital was \$4.72 billion, and the actual amount used was \$1.38 billion, up 2.9, 3.6, and 1.9 times, respectively. Construction of the various types of economic and technological development zones made new headway. Foreign exchange earned from tourism equaled 340 million yuan, up 25.2 percent.

D. Investment in fixed assets grew substantially, and notable achievements were won in key construction projects. Investments made by the entire society in fixed assets totaled 58.38 billion yuan, up 32.7 percent, and the investment rate was 29.5 percent. In investments made by state-owned units, 16.33 billion yuan was invested in capital construction, up 46.2 percent and 8.54 billion yuan was invested in technical transformation, up 36.5 percent. The investment pattern was further improved, with increases in investment in the primary and tertiary industries. Construction of key projects proceeded smoothly. In the year, our power generating capacity was increased by 500,000 kilowatts [kw], coal production capacity by 2.4 million tons, highway mileage by 1,197 km, railway transportation capacity by 25 km, harbor cargo handling capacity by 19 million tons, domestic and international air routes by 12, and urban telephone exchange capacity by 258,000 lines. A total of 5,194 technical transformation projects were completed, and more than 900 projects on renovating old enterprises with foreign capital were carried out.

E. Science and technology, education, and other social undertakings developed more vigorously. The province won 2,668 significant scientific and technological achievements, of which 327 reached the advanced levels of the world, 38 won the state scientific and technological progress award, and 15 won the state invention award. Nine state- and provincial-level high- and new-tech development zones implemented 325 high- and new-tech projects. Technology markets thrived. Technology trading organizations of various categories totaled 3,380 and they signed 830 million yuan worth of technological contracts. In education, the road of relying on social forces to develop schools was taken, and new progress was made in the nine-year compulsory education. Higher educational institutes reorganized their faculty, and the number of self-supported or organization-sponsored students who underwent training increased notably. The total number of students at regular higher educational institutes was 129,700. Secondary vocational education and adult education facilities were expanded and their quality improved. Press, publication, radio and television, literature and art, and sports registered fairly great development. Urban and rural medical conditions were improved, with 63 new hospitals and 6,000 new hospital beds in the province. Family

planning yielded notable results, and natural population growth was 4.55 per thousand.

F. The financial situation was stable, markets were brisk, and living standards were upgraded to a new level. The province's revenues totaled 14 billion yuan, up 10.4 percent; and its expenditures totaled 14.57 billion yuan, up 13.3 percent. Thus, a balance was achieved. Urban and rural people's savings deposits increased steadily to reach 145.55 billion yuan by the end of the year, up 28.37 billion yuan from the figure calculated at the beginning of the year. The year-end balance of loans was 171.75 billion yuan, up 29.59 billion yuan. The loans played a fairly good role in supporting reform, opening up, and economic development. Markets were thriving, and prices were fairly stable. The annual volume of the commodity retail sales of the entire society was 79.4 billion yuan, up 19.7 percent. The general index of retail prices rose by 5.9 percent. Urban and rural people's living standards were improved. Urban people's cost of living income was 1,836 yuan per capita, up 17.3 percent, and peasants' net income was 803 yuan per capita, up 5.1 percent. When allowing for price rises, the actual increase was 8 and 1.4 percent, respectively.

In 1992, the province scored inspiring achievements in reform, opening up, and economic construction. The general state of economic development was healthy and normal. Simultaneous increases were recorded in both growth rate and efficiency, in both secondary and tertiary industries, and in both the domestic-oriented economy and the export-oriented economy. A basic balance was achieved in overall supply and demand. Such a good situation did not come easily. Generally speaking, it resulted from the correct leadership of the CPC Central Committee, the State Council, and the provincial party committee and from all endeavors by the governments to lead the province's people to work hard in unity and pioneer the road of advance under the supervision and support of the people's congresses at all levels and their standing committees. In the past year, the provincial party committee and the government persistently emancipated the mind and renewed ideas in guiding economic work, broke with the yoke of "left, old, and narrow ideas" and boldly experimented with everything and daringly went ahead, thus giving full play to the creative spirit of the masses. In the past year, the provincial party committee and the government seized opportunities, made policy decisions in a timely manner, defined the fighting target of pushing the economy to a new stage, adopted a series of large-scale actions, and created a new situation in accelerating development. Meanwhile, the provincial party committee and the government concentrated energy on strengthening the three weak links of the export-oriented economy, the tertiary industry, and science, technology, and education and on promoting the all-around development of the economy. In addition, they correctly handled the relations between development and improvement and between growth rate and efficiency and combined the enthusiasm in accelerating the development with the

attitude of seeking truth scientifically, thus ensuring the smooth progress of reform, opening up, and economic construction.

At the same time, it must be clearly noted that some contradictions and problems which cannot be ignored remain in the province's economy. They are: Agriculture's weak defense against natural calamities; the low comparable profit of the cropping industry; peasants' heavy burdens; the small margin of wage increase and, in some localities, a decline in income; short supply of major energy resources and raw materials; inability of communications and transport facilities to meet demand; conspicuous shortage of water resources; lack of reasonable industrial structure; lack of superiority in guiding industries and products; the low technological level; weak market competition capacity; insufficient floating funds for key construction projects and enterprises; delay in starting and completing many construction projects; weak macroeconomic regulation and control; and varying degrees of blind phenomena as revealed by the central authorities in the fields of real estate development and the building of development zones. We need to conscientiously summarize experiences and lessons and adopt feasible measures to solve the above contradictions and problems positively.

## 2. Guiding Ideology and Major Goals for 1993's Plan

This year is an important year to fulfill the Eighth Five-Year Plan and to push the economy to a new stage. The general demand on economic work is: Guided by the guidelines of the 14th CPC National Congress, we should comprehensively implement the basic line of the "one central task and the two basic points" and should increase the dynamics of reforms to promote all reforms by aiming at building a socialist market economy system. With the subject of accelerating development in mind, we should concentrate our efforts on strengthening the three foundations of agriculture, basic industries, and basic facilities; pay attention to the three emphases of opening up the tertiary industry, science and technology, and education; cultivate guiding industries; promote the upgrading of structure; and promote a favorable economic cycle in Shandong's economy at an even higher level.

When implementing the plan, we should adhere to the following points: 1) We should give full play to the basic role of the market in disposing of resources under macroeconomic regulation and control, strive to cultivate the market system, and create favorable conditions for enterprises to participate in domestic and world competition. 2) We should place the focus of accelerating development on deepening reform and opening wider to the outside world and strive to achieve new progress in transforming enterprises' operating mechanism, developing the export-oriented economy, and strengthen macroeconomic regulation and control. 3) We should adhere to the principle of "building fewer new projects and developing more technical renovation projects," give prominence to the renovation of old enterprises with



foreign funds and technology, import advanced technology and equipment based on a high level, do a good job in mastering and applying them, and promote a strategic economic leap in the province. 4) We should develop, with high quality and high efficiency, a number of key projects in water conservancy, energy, transportation, telecommunications, raw materials, and agriculture development to enhance the material guarantee for economic development. 5) We should strengthen existing pillar industries, cultivate leading industries more rapidly, and concentrate investment in them so that their advantages can take shape within a short period and the structural adjustment can be promoted. 6) We should accelerate the reform of the scientific and technological system and the educational system, facilitate the coordination of science, technology, and education with the economy, and conscientiously shift the focus of economic work to rely on scientific and technological progress and the improvement of the quality of laborers.

Based on the principle of seeking truth from facts and acting according to our capacity and considering the need to coordinate with the target of pushing the economy up to a new stage, the major targets of the 1993 plan are preliminarily defined as the following:

The gross domestic product increases by 12 percent, which, translated, means 5-percent increase for the primary industry, 12-percent increase for the secondary industry, and 20-percent increase for the tertiary industry.

The agricultural output value increased by 5 percent, and efforts will be made to make the increase even higher.

The industrial output value increases by 20 percent, and the sales value increases by 21.5 percent. Of the total, the industrial output value of the enterprises at and above the township level increases by 15 percent, and their sales value by 16 percent.

The index of the industrial overall economic efficiency reaches 93 percent, the marketing rate of industrial products 95 percent, the profit-tax rate of funds 9.6 percent, the per-capita productivity 12,210 yuan, the net output rate 27.3 percent, and the turnover of circulating funds 1.82 times.

The investment made by the entire society in fixed assets increases by 16 percent.

Exports increase by 20 percent, and the actual amount of foreign capital used increases by more than 50 percent.

Commodity retail sales of the entire society increases by 16 percent.

The growth of the general index of retail prices is kept at about 6 percent.

Revenues increase by 9.5 percent.

The natural population growth is kept within 9 per thousand.

### 3. Major Content and Areas of Focus for Work Arranged in the 1993 Plan

A. We should strengthen agriculture, which is the foundation, and make the rural economy flourish. Agriculture is the foundation of the national economy. In the condition of the market economy, policies are all the more needed, become more important, and should never be neglected in dealing with the issues concerning peasants and the rural economy. We should regard the endeavor to accelerate agricultural development as the most important among the focuses of economic work. Aiming at developing the socialist market-oriented agriculture, we should relax restrictions to enliven management on the one hand and conduct macroeconomic regulation and control and provide service on the other so as to lead agriculture to the market and develop the rural economy in all sectors. We should uphold the principle of "stabilizing and developing agriculture in a certain plot of land"; optimize the farming structure; and, on the basis of steadily increasing the production of grain, cotton, and oil-bearing crops, let peasants freely organize production in line with market demands, enter the circulation sphere, and increase income. The production of grain, cotton and oil-bearing crops is an issue affecting the overall situation. We must implement special policies, coordinate production with marketing, establish the systems of keeping agricultural risk-taking reserve funds and of setting the lowest protective prices, improve the method of linking purchases of grain and cotton by contracts with the supply of farming materials, and set the ceiling prices for major means of agricultural production. We should strive to make the output of grain reach 37.5 million tonnes; cotton, 1.2 million tonnes; and peanuts, 2.25 million tonnes.

We should persist in invigorating agriculture with science and education, give emphasis to high science and technology, intensive processing and export-oriented undertakings, and actively develop a type of farming that provides a high quality yield with maximum efficiency. It is necessary to popularize advanced and practical agricultural production technology, accelerate the introduction and breeding of fine crop strains, and strive to raise the per-unit area yield and quality. We should expand farming acreage of "fields that produce 10,000-tonnes of grain" and water areas that can create 10,000 yuan of income from each mu of water area, do a good job in the experiment of developing "two 1,000-yuan fields," and establish experimental demonstrative areas that can create 5,000 yuan of income from each mu of land. We should establish and perfect the rural socialized service system, strengthen the building of foreign trade-industry-agriculture integrated operational system, pay full attention to processing, converting and increasing the value of farm and sideline products, establish a batch of leading enterprises to bring along thousands of enterprises, and raise the proportion of precision and intensively-processed products. Efforts should be made to



absorb foreign capital for building farm and sideline product export and production bases; develop packing, stay-fresh processing, storage, and transport industries in a coordinated manner; and gradually turn agriculture into a major industry that can create foreign exchange through exports.

We should strengthen the building of infrastructure facilities and do a good job in comprehensively developing agriculture. We should give emphasis to building large facilities, including water conservancy, agricultural electricity, storage, communications, and telecommunications facilities. Under the planned arrangement, the whole society's agricultural input should reach 2 billion yuan, up 200 million yuan over last year. We should mobilize the enthusiasm of peasants, do a good job in farmland capital construction, expand the fields that ensure stable yields despite drought and excessive rain, and guarantee that the whole province's effective irrigated areas will reach more than 70 million mu. While making continued efforts to develop and build mountainous areas, lake areas, and Huang-Huai-Hai Plain, we should also give priority to carrying out the two major projects straddling the century, namely, building "Shandong on the sea" and developing Huang He delta, accelerate comprehensive development, and assign some beaches and shallow water areas for developing export-oriented marine industry through inviting business and investment. We should do a good job in building such infrastructure facilities as water, electricity, road and telecommunications facilities in Huang He delta, extensively absorb domestic and foreign capital, successfully grasp projects under first development, and enable them to attain a fair scale as quickly as possible.

We should induce township enterprises to follow the development path marked by introducing investment from abroad and establishing lateral ties at home, setting high standards for development projects, and having a fairly even geographical distribution.

We should combine the development of township enterprises with the building of small cities and towns and help township enterprises move to places where townships and towns are located; extensively implement the shareholding cooperative system and intensify their development vitality; run joint-investment enterprises and participate in international competition; develop cooperation with colleges and universities, scientific research units and state-owned large and medium-sized enterprises; accelerate technological progress; and support township enterprises with funds and foreign exchange in developing high and new-technology industries and producing value-added products with high technology that can generate foreign exchange in exports and yield high economic efficiency.

We should reduce peasants' burdens from a political perspective and grasp this work with unremitting efforts, step up efforts to improve the relevant laws and regulations, implement the system of marking down peasants'

burdens in cards and guarantee that the village withholdings and township collective fees will not surpass the 5 percent mark of the average per-capita net income of peasants of the previous year. It is necessary to resolutely check the unhealthy trend of arbitrarily collecting levies, funds and service charges; keep sufficient amount of funds for purchasing farm and sideline products; thoroughly solve the problems of giving IOU credit notes to peasants during grain purchases in summer and autumn; and enable peasants to realistically increase their income.

B. We should speed up the construction of basic industries and strengthen the conditions for supporting the development of the economy. Continuing to strengthen the construction of basic industries and maintaining a reasonable proportion between basic industries and processing industries is an urgent demand for enhancing the economic strength and the reserve strength for economic development.

We should fully mobilize the enthusiasm of all fronts and speed up development of the power industry. We should adopt such methods as bringing in foreign capital, issuing bonds for power industrial construction, and carrying out the shareholding system to collect funds for power industrial construction. We should be sure to increase production of power generating units to 1 million kw, attend to the on-going construction of the projects for 2.85 million kw of power generation capacity, and strive to gain state approval of new projects involving 2.275 million kw of power generation capacity. The power generation volume is planned to reach 61 billion kilowatt hours [kwh], an increase of 8 percent, and the power generation volume should strive to reach 62 billion kwh.

We should persist in the principle of paying equal attention to mining, carrying, and saving coal, and strive to alleviate the strain on coal supply. The province should use both domestic capital and foreign capital to develop coal resources, make good use of coal capital construction funds, and speed up the pace of using foreign investment. The newly added coal mining capacity should reach 2.55 million tons, and the coal output is set at 64 million tons. It is necessary to further expand coal carrying and storage capacity. We should mobilize railway, road, and sea transportation forces to import increasingly more coal from other areas. We should build large coal reserve grounds and coal distribution centers.

We should fully tap potential to increase the production of raw materials. The State Council approved plans to build a large-sized iron and steel enterprise in our province. So, we should positively work in cooperation with the Shoudu Iron and Steel Complex in an effort to start the construction of the enterprise as soon as possible. We should speed up the reconstruction of the Laiwu Iron and Steel Company and ensure that 750 blast furnaces will go into operation in the first half of this year. We should promote the completion of the Zibo

acrylic fiber project and the Jinan polyester fiber project as soon as possible. We should strive to start the construction of the Sishui Daewoo cement project, the Yantai Mitsubishi cement project, and the Jinan penicillin project.

We should firmly attend to saving energy resources and reducing energy consumption; develop and popularize new products and new technologies in line with the orientation of economizing on energy resources, raw materials, and water; and strive to increase production and economic results. The province's overall energy consumption per 10,000 yuan of GNP should be reduced by 6 percent.

C. We should grasp the construction of infrastructural facilities and create a good environment for elevating the national economy to a new high. Shandong is short of fresh water resources. So, we should regard water conservancy as the basic industry for the national economy and speed up the construction of water conservancy facilities. We should focus our efforts on developing and utilizing the Huang He, the four lakes in the southern part of the province, and Dongping Lake. We should build reservoirs on the plains along the Huang He, make full use of the project of diverting Huang He water to Qingdao, and expand the water reserve capacity of the areas along the Huang He. We should make good preparations for the pre-phase project of diverting Huang He water to Yantai and strive to start the construction of the project as soon as possible. We should gradually perfect the auxiliary service projects for Dongping Lake and the four lakes in the southern area of the province so as to strengthen the water diverting and storage capacity. We should regulate large watercourses, reinforce large and medium-sized reservoirs to eliminate their dangerous factors, and perfect the auxiliary service projects. We should build small and medium-sized flood water retaining projects, achieve the regulation of small valleys, and gradually alleviate the strain on supply of water for urban and rural areas.

With regard to the construction of transport and communications projects, we should set up a mechanism of increasing input through various channels, use facilities to support facilities, and form a favorable cycle of construction, return of loans, and reconstruction. We should make efforts to comprehensively start the construction of the Shandong sections of the Jinan-Handan railway line and the Beijing-Jiulong railway line, ensure that the Taocun- Weihai railway line and the Jiaozhou-Huangdao railway line are linked, and ensure that some railway sections open to traffic on a trial basis. We should firmly attend to the pre-phase project of the Dezhou-Yantai railway line and strive to start the construction as soon as possible. With road construction, we should ensure that the Jinan-Qingdao highway and the Dongming Huang He bridge are completed on schedule, strive to start the construction of the Jinan-Dezhou and Jinan-Liaocheng road service lines especially for bus transportation, and ensure that the newly added road transportation mileage reaches 2,000 km. In building

harbors, we should uphold the principles of improving outdated harbors and giving more auxiliary facilities to them along with building new ones. We should also ensure the accomplishment of the first-phase project of building Qianwan Harbor in Qingdao city, accelerate the pace in building the second-phase project of Xigangchi dock in Yantai Harbor and the second-phase project of Rizhao Harbor. Efforts should be made to intensively expand or improve a large number of locally-owned harbors and to build additional facilities for them. The capability of handling goods through newly-built harbors should reach 15.56 million tonnes. In building civil aviation facilities, we should emphatically improve the Jinan Airport and expand the Qingdao Airport so as to open more international and domestic air routes. In building communication facilities, we should regard as an emphasis the projects of building long-distance and urban telephone facilities and accelerate the construction of the Shandong section of optical telephone cable between Beijing and Shanghai municipalities. We should also ensure the accomplishment of building the optical communication cable along the Ji-Qing express highway within the year and of expanding the capacity of microwave communication line among Jinan, Linyi, and Qingdao. We should strive to develop the digital communication network between province and city-prefecture levels, build 8,000 new long-distance telephone lines, and set up new urban telephone switchboards with 200,000 lines. Areas in eastern Shandong should open the network of mobile phones in an overall way.

D. We should broaden opening up and accelerate the development of the export-oriented economy. The increased scale of exports should surpass the national average. The total volume of exports is designed to be \$5.7 billion and the province should strive to realize \$6 billion in this regard. We should bring into play the enthusiasm of foreign trade companies and productive enterprises that have the business rights to exports. We should also enforce the practice of "having all companies share the export mission in rotation" and expand the system of acting as direct or indirect agents. Efforts should be made to actively set up enterprises abroad; to organize transnational companies; and to foster a large number of integrated groups participated in by the enterprises of trade, industries, and agriculture. We should enhance the comprehensive operation, maintain imports by depending on exports, and maintain exports by depending on imports. We should also do a good job in organizing the imports of raw materials in short supply and of production equipment and support enterprises to develop exports. Efforts should be made to enforce the strategy of establishing markets of multiple categories; to vigorously develop the traditional markets of Hong Kong, Macao, Japan, and the United States; and to actively open markets in the ROK, CIS, and East Europe. We should concentrate our efforts on fostering the productive systems of exports and do a good job in grasping the development of seven major serial products of textile, light industry, foodstuffs, machine-building,

electronics, chemical industry, and building materials. Efforts should be made to expand the exports of three types of foreign-funded enterprises, to vigorously introduce funds involved in the contracts immediately, to help enterprises reach their productive targets as soon as possible, and to vigorously encourage the three types of foreign-funded enterprises to double 1992's export volume.

We should strive to realize a breakthrough in four fields by utilizing outside capital. First, while carrying out large, medium-sized, and small projects simultaneously, we should make a breakthrough in large projects. Efforts should be made to actively bring in the capital of large consortiums and enterprises and to emphatically use the capital in the construction of large projects of energy resources, communication, telecommunications, and important raw materials and in the technical grafting and renovations of out-dated enterprises. Second, while carrying out the projects of primary, secondary, and tertiary industries, we should make more breakthroughs in tertiary industry. We should expand the scope and fields of tertiary industry in utilizing outside capital and introduce more outside funds for projects in science and technology, education, information service, tourism, recreation, medicine, and public health. Third, while carrying out the projects simultaneously at province, city, county, township, village levels, we should make a breakthrough in encouraging township enterprises to introduce outside capital. We should make full use of the strong points of having a flexible mechanism for township enterprises to open joint-venture or cooperation projects and to develop the methods of "processing products with materials and samples provided from abroad" and of "conducting compensatory trades" so as to enable these enterprises to become the vital new force to developing an export-oriented economy. Fourth, while successfully operating the development zones of various categories, we should make a breakthrough in emphatically building economic and technical as well as high-and new-tech development zones in the cities of Qingdao, Yantai, and Weihai. A good job should be done in introducing large foreign-funded projects and grasping the construction of high-and new-tech projects. We should also successfully operate tax-free zones in Qingdao, develop tax-free plants or workshops and warehouses, and establish or improve tax-free systems. The net volume of funds introduced in the year should reach more than \$2 billion and show over 50 percent of an increase over that of 1992.

E. We should vigorously develop the tertiary industry by applying the market mechanism. Efforts should be made to uphold the principle of having the state, collectives, and private organizations, and individuals develop the tertiary industry simultaneously. Both domestic and foreign funds can be used in developing the industry. We should increase the input in the industry through multiple channels so as to enable the growth of tertiary industrial production to surpass that of primary and secondary industries.

We should build complete, unified, and open large markets where competition is conducted in an orderly manner. Persisting in unified planning and rational layout, we should set up a special credit fund for structural readjustment and concentrate efforts on building a number of large markets. We should primarily build modernized provincial-level markets of means of production and develop wholesale and futures markets. At the major areas which produce agricultural and sideline products, we should build wholesale markets and futures markets and trading centers oriented to the needs of the whole country. We should energetically broaden border markets linked with neighboring provinces. We should go all out to develop labor service, technology, and information markets.

We should accelerate the development of banking, insurance, tourist recreation, and real estate trades. We should give full play to the role of people's banks and various special banks in accelerating the circulation of funds and in conducting macroeconomic regulation and control. We should tap the potential of funds to support economic development. We should make full and flexible use of banking policies to actively develop investment corporations, stock companies, urban credit cooperatives, and rural cooperative foundations. We should attract foreign capital banks to open branches in Shandong. We should pay attention to building specialized stock companies, make great efforts to fulfill the stock issuance plan, open stock consulting service centers, and authorize a number of pilot enterprises to issue stocks to the public and sell stocks in places other than the province. We should expand the service scale of insurance companies, positively develop a new variety of insurance programs, establish local insurance companies, and give play to the social guarantee system. We should build a number of modernized tourist and recreational facilities. We should guide real estate trade so that it develops in a sound manner, control the first-class real estate market, and decontrol and invigorate the second-class real estate market. We should combine the rebuilding of old cities with the development of the tertiary industry, appropriately readjust the urban industrial layout, and vacate some busy plots to develop the tertiary industry.

We should raise the proportion of the urban dwelling population in a planned and step-by-step manner. We should strictly control the swelling populations in large and medium-sized cities, and accelerate the building of county towns, market towns, and industrial and mining areas. By giving peasants the local urban residence registration or temporary urban residence registration, we should attract peasants who have much money, management skill, and specialization to enter cities to build and invigorate cities.

F. We should accelerate changes of mechanisms and promote the development of scientific and technological and educational undertakings.



We should deepen reform in the scientific and technological system and establish a development mechanism full of vitality. First, we should push to market the joint research for solving scientific and technological problems. For major tasks which have a bearing on the overall situation of economic development, we should openly invite tenders from the public. For key technological problems in production, we should encourage enterprises and scientific research institutes to choose their partners in conducting technological research on a contract basis. Second, we should depend on markets to translate research achievements into productive forces. We should firmly embrace the idea that scientific and technological achievements are commodities, develop scientific and technological medium consulting service companies, regularly hold meetings to transfer and sell scientific and technological achievements, encourage scientific research institutes and institutions of higher learning to initiate the economic entities which combine science and industry with foreign trade, concentrate efforts on building a number of provincial-level intermediate experiment bases, and depend on markets to help translate the scientific and technological achievements from being "samples" and "exhibits" into commodities. Third, we should support scientific and technological personnel to enter markets. In line with the principles of "stabilizing the research of basic technologies, decontrolling technological development institutes, encouraging scientific and technological talents to do business and run economic entities, and readjusting structure," we should guide scientific and technological personnel to go to enterprises and the forefront of production. We should allow scientific and technological personnel to hold part-time jobs at enterprises and institutions and to receive reasonable remuneration. We should formulate policies conducive to stabilizing the scientific and technological contingent of large and medium-sized enterprises in order to raise enterprises' level of scientific research and development. We should give handsome rewards to scientific and technological personnel who have made outstanding contributions, implement preferential policies to absorb talented people, and attract even more excellent talents to work for the province. Fourth, we should establish diversified input mechanisms. We should depend on social forces to increase input in science and technology. The increase in the scientific and technological input by all levels of financial departments should be greater than the increase in the regular financial expenditures. Banking departments should earmark a certain portion of funds for special scientific and technological loans. The provincial capital construction fund should be mainly spent on guiding industries and high and new technological items. We should stimulate enterprises to do scientific research and open up the channel of using foreign funds to research and develop high and new technologies.

We should adhere to the principle of "relying on the people to develop education and developing education well for the interest of the people" to accelerate development in education. We should achieve success in

making the nine-year compulsory education universal, strengthen elementary education, greatly develop vocational education and adult education, and hold various forms of training on applicable skills and on-the-job training. We should deepen reforms in higher education to meet the needs of society and gradually change the state's monopoly on educational development in line with the idea behind "paying tuition to attend schools and abolishing the state's job arrangements for graduates." We should increase the proportion of self-funded and organization-sponsored students who are to undergo training, devolve the power to establish departments to lower levels, adjust the establishment of departments in line with society's needs, and intensify education so as to improve quality and ability. We should fully develop the potential of existing teachers and teaching facilities and combine regular higher educational schools with adult higher educational schools to expand the scope of schools. We should encourage higher educational schools to cooperate with local authorities and enterprises to develop schools, support the establishment of nongovernmental schools, and gradually establish a new pattern in which the state and local authorities, enterprises, and nongovernment organizations pool efforts to develop schools. It is planned that the regular higher educational schools of the province will enroll 40,000 students, an increase of 15.3 percent; regular secondary specialized schools will enroll 68,000 students, an increase of 36.8 percent; and skilled workers schools will enroll 40,000 students, an increase of 11.1 percent.

G. We should intensify technical transformation and cultivate the leading industries to promote structural adjustment. Actively cultivating leading industries and enabling their advantages to take shape quickly are major issues concerning Shandong's endeavor to push its economy to a new stage and improve the entire economic quality. We should regard the technical transformation of the existing enterprises as the basic measure for cultivating leading industries; persistently take improvement of economic efficiency as the focus; give prominence to high and new technology, to the economy of scale, and to the export-oriented projects; and pool the efforts of large, medium-sized, and small enterprises, the efforts of different departments and different localities, and the efforts of domestic and foreign units to accelerate technical transformation. In line with the requirement of the provincial party committee and government for overall completion of the technical transformation of large and medium-sized enterprises in three years and the technical transformation of all enterprises in five years, the province will focus on the technical transformation of 100 key enterprises this year. A total of 5.43 billion yuan will be invested, and high and new technology and foreign advanced technology will be applied directly to more than 80 percent of the technical transformation, which, when completed, will enable the technology and equipment of these enterprises to reach the current advanced levels of the world and the first-rate levels of the country. We should attach great importance to the technological advance of township enterprises,



replace their equipment, improve their efficiency of scale, and upgrade and update their products more rapidly. We should step up formulation of plans; implement measures; and institute the responsibility system to assign targets to every locality, department, and enterprise. The province plans to carry out 4,000 technological development projects, put more than 80 percent of the new technology into production, and make both the output value of the new products and the profits and taxes they create increase by more than 15 percent. After three to five years of efforts, we should make 30 percent of our large and medium-sized enterprises approach or reach the advanced levels of the world in technical measures, equipment, and technology; 40 percent of such enterprises reach the advanced levels of the country; and 30 percent of such enterprises complete special transformation so that the entire industrial technological level can be upgraded to a new level.

While carrying out technical transformation successfully, we should have the courage to develop modern large-scale industries; concentrate investment on select industries and products; and establish, within a short period of time, a number of key industries and products that can play a greater leading role. Beginning this year, we should expand the scale and raise the levels of the products which enjoy good foundations and advantages, such as engineering machines, numerical-control machine tools, motorcycles, and microcomputers, to enable them to achieve a greater share in the market. Based on a high level, we should start development of a number of select hot products that have vitality, such as automobiles, ships, program-controlled telephone exchanges, and elevators; import, master, apply, and further develop the new technology applied to them; push them to the market as quickly as possible; and enable them to achieve a share in the market. We should develop intensive processing and increase the additional value of the products which enjoy advantages in resources and market potential, such as chemical and textile products, foods, building materials, and metallurgical products. The endeavor to cultivate leading industries should be closely coordinated so as to develop the regional economy. The province should strengthen planning, make proper arrangements, and provide support according to established priorities. The various localities should accurately select the priorities of their development, use the leading industries to lead regional development, use regional development to promote the leading industries, and rationalize the geographical distribution and structure of the industries.

H. We should improve the management of investment in fixed assets and do a good job in grasping the investment structure and orientation. Under the plan, the whole society's scope of investment in fixed assets should reach 67.7 billion yuan, up 16 percent; and the scope of social investment in fixed assets in the localities should reach 55 billion yuan, up 15.4 percent. Of this, the investment in the fixed assets of state units should reach 26.5 billion yuan; that of collective units, 16 billion yuan; and that of

individual units, 12.5 billion yuan. Of the local investment in state units, 12.8 billion yuan should be used for capital construction, up 15.2 percent, and 8.5 billion yuan should be for technological transformation, up 18.2 percent. In the arrangement of investment projects, we should persist in giving priority to agriculture, basic industry, and infrastructure facilities, realistically allocate funds in line with the plan, and guarantee that the tasks will be fulfilled on schedule. We should build the ordinary processing industry and profit-making industries by mainly relying on market capital flow and the use of foreign capital and select the superior and eliminate the inferior through competition; give prominence to technological progress in capital construction and technological transformation and prevent redundancy in expanding the production capacity on the basis of low level; and give priority to guaranteeing the needs of supporting funds for foreign-funded projects. The level which approved projects should be responsible for allocating funds to the projects. The provincial authorities will give priority to guaranteeing funds for a batch of large foreign-funded items.

We should further strengthen macroeconomic regulation and control as well as guidance in fixed asset investment; improve the system of examining, approving, and filing the projects; and strictly manage the use and withdrawal of the province's capital construction funds. Regarding the construction of processing projects with good prospects on the market and high economic efficiency, the provincial authorities will use methods such as purchasing shares and calling for joint investment and cooperation. It is necessary to do a good job in environmental protection; uphold the principle of "simultaneously designing, building, and putting into operation the main construction projects and pollution treatment facilities"; and step up efforts to implement pollution treatment items. We should strengthen land management, resolutely examine and approve land for construction in line with state laws and regulations and the land development plan, conscientiously implement the principle of "building one mu of land while using one mu of land," and resolutely check the phenomenon of randomly misappropriating and recklessly using land and cultivated land for construction. The entire province's land for construction projects should be controlled at 26,600 hectares.

I. We should do a good job in financial and banking work and guarantee the rational demand of funds for economic construction. In financial work, we should actively develop key financial resources, cultivate reserve financial resources, open up new financial resources, promote the reform system whereby enterprises pay tax plus a percentage of profits, increase revenue and reduce expenditures, and guarantee a balance between financial revenue and expenditures during the year. It is necessary to increase financial support for agriculture, science and technology, and education and guarantee the issuance of reform measures. Under the plan, the financial revenue should reach 15.34 billion yuan, up 9.5 percent.

In banking work, we should expand reform strength, cultivate a highly efficient mechanism of market capital flow, try by all possible means to expand the amount of savings deposits, vitalize the use of funds in reserve, accelerate the turnover of funds, and alleviate the tense funding situation. We should give simultaneous attention to the input of funds and structural improvement and give priority to supporting agriculture, scientific and technological progress, export-oriented economy, tertiary industry, and key construction projects. Under the plan, the year-end balance of savings deposits should reach 174.7 billion yuan, an increase of 29.2 billion yuan; the balance of savings deposits of urban and rural residents should reach 103.4 billion yuan, an increase of 15 billion yuan; and the total amount of loans at the end of the year should be 207.8 billion yuan, an increase of 36.1 billion yuan.

J. We should develop all social undertakings and raise the people's living standards. We should persist in developing economic and social work in a coordinated manner; invigorate cultural undertakings; activate the cultural market; improve cultural facilities; promote the development of press, publications, radio and television, and literature and art work; strengthen medical and health care work; do a good job in building the three-level medical and health care networks in rural areas; and promote the development of primary health care work in urban and rural areas. It is necessary to mobilize the enthusiasm of the social sector to carry out medical work, accelerate the building of medical facilities, extensively conduct the patriotic public health campaign and build more clean cities, townships and towns. We should carry out mass sports activities, strive to raise the level of professional sports teams, uphold and improve the system of fulfilling a certain population control target, and create a new situation in family planning work.

We should make new improvements in the people's livelihood on the basis of developing the economy. We should enliven the urban and rural markets and ensure a good supply of foodstuffs and daily necessities for the urbanites. We should develop the rural market economy, increase the peasants' income, and speed up the pace of making the rural areas become fairly well-off. We should conscientiously implement various policy measures for supporting the development of economically undeveloped areas. We should build a group of key energy resources, water conservancy, and transportation projects in economically undeveloped areas so as to activate their economy. We should continue to attend to the work of supporting the poor, help the poverty-stricken areas build a group of poverty-elimination projects with less investment and faster and higher efficiency, and help enhance their self-development capacity. We should extensively open channels for employment, guide the transfer of urban and rural employees to the tertiary industry, and plan to arrange jobs for 420,000 people. The urbanites' expendable income for daily life should reach 2,166 yuan, an increase of 18 percent, and the peasants' per capital net income should reach 900 yuan, an increase of 12 percent.

#### **4. We Should Deepen the Reform of the Economic System and Set Up a New Planned Management System**

Speeding up the pace of reform in the order of priority and in an overall coordinated manner is an urgent demand for setting up the socialist market economic system as well as a key guarantee for comprehensively fulfilling the 1993 plan. We should regard the change of the enterprise managerial mechanism as a key link for reform; conscientiously implement the "enterprise law," the regulation on changing the managerial mechanism, and the provincial government's methods for their implementation; and delegate decision-making power to enterprises. We should continue to deepen reform of the enterprises' labor, employment, and distribution systems and attend to the trial implementation of the system of contract for input and output and the trial imitation of the managerial mechanisms applied by the three types of foreign-funded enterprises. We should achieve assessment of state property and reorganize a group of state-owned large and medium-sized enterprises with the shareholding system. Collective enterprises and town and township enterprises should comprehensively carry out the shareholding cooperative system. The newly built enterprises should be organized according to the shareholding system. It is necessary to reform the financial and tax, monetary, and circulation systems and the social guarantee system. We should perfect the method of linking the medical treatment charges with the individual conditions and promote the urban housing system reform. We should balance transportation and power prices and service charges and gradually form a price mechanism dominated by the market prices.

The planned economy is a key means to regulating and controlling macroeconomy. The planning department should further strengthen their self-construction, change their functions, reduce administrative procedures, and delegate powers to lower levels so as to suit the demands for the development of the socialist market economy. We should decontrol and enliven the microeconomy, regulate and control the macroeconomy, and create a good environment for economic and social development. We should realistically shift the focus of planning onto research of development strategy; map out long- and medium-term plans; strengthen the overall balance; and attend to the construction of key projects, provide coordination service, and strive to utilize the functions of the planned economy well. First, we should set up the scientific system of balancing the planned economy. We should ensure a balance between overall supply and demand with a focus on balancing the production and use of the GNP, international revenues and expenditures, the scale of credits and loans, accumulation and consumption, and employment and population. We should strengthen the study and formulation of long- and medium-term plans and organize the formulation and implementation of the fiscal year's plans. Second, we

should establish a flexible and effective economic regulation and control system. In line with the state industrial policies, we should comprehensively use the economic lever to optimize industrial structure, to improve the economic arrangement, and work out ways to solve problems of establishing, developing, regulating, and controlling markets. We should strengthen calculation, guidance, and policy planning and gradually replace the production and circulation mandatory plans with the guidance plans for linking supply with demand and the system of ordering goods at the provincial level. Third, we should set up a system of providing high efficiency and coordinate service for key construction projects. We should provide the key construction projects with an entire serialized service process starting from consultation assessment of projects, collection and management of funds, and organization and coordination of materials and equipment. Fourth, we should set up an accurate, sensitive information service system which will grasp and distribute important economic and social information at home and abroad in a timely manner, so as to be a good adviser to the government, provide service for enterprises, and provide guidance for market operation.

#### **Shanghai Crude Oil Exchange Opens 27 May**

*OW2805020293 Beijing XINHUA in English 0143 GMT 28 May 93*

[Text] Shanghai, May 28 (XINHUA)—A crude oil exchange opened in this leading industrial center in China Thursday [27 May].

The exchange was founded jointly by the China Oil and Gas Exploration and Development Corporation, China Petrochemicals Corporation and the Shanghai Municipal Government.

It employs a system of membership and has 49 members at present. Included are 13 crude-oil enterprises, 14 refineries and 22 enterprises engaged in marketing oil.

These members process 95 percent of the country's oil output and have 65 percent of its refinery capacity.

Goods to be marketed include crude oil, gasoline and other oil products.

Economists here agree that the establishment of the oil exchange will help China's oil enterprises to shift their operational mechanism and improve their management while making full use of oil resources at home and abroad to serve China's socialist market economy.

### **Central-South Region**

#### **Reportage on Guangdong CPC Committee Plenum**

##### **Xie Fei Presides, Speaks**

*HK2805001093 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 27 May 93*

[Text] The Seventh Guangdong Provincial CPC Committee held its First Plenary Session in Guangzhou

yesterday and today. Provincial party Secretary Xie Fei presided over the meeting, which was attended by 55 members and 10 alternate members of the provincial party committee. Members of the Discipline Inspection Commission also attended as observers.

The plenum elected the Standing Committee members of the Seventh Guangdong Provincial CPC Committee, as well as the secretary and deputy secretaries of the provincial party committee. The plenum also adopted the candidates' name list of the Standing Committee members, secretary, and deputy secretaries of the Discipline Inspection Commission, who were elected at the commission's first plenary session.

At the conclusion of the meeting, Comrade Xie Fei delivered an important speech. He pointed out: As we are taking office at an important juncture in our modernization drive, we should live up to the people's expectations; carry forward the cause pioneered by our predecessors and forge ahead into the future; work conscientiously for the party; and make our due contributions to speeding up Guangdong's pace of reform, opening up, and economic construction and to building socialism with Chinese characteristics. After the meeting, we should conscientiously put into effect the spirit of the party congress and attach importance to handling relations among the following four areas: 1) relations between development and reform; 2) relations between invigorating the economy and maintaining public security; 3) relations between promoting the market economy and putting an end to corruption; and 4) relations between cadres and the masses.

#### **Name List of Party Committee**

*HK2705114993 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 27 May 93*

[Text] The following is a name list of the Standing Committee members, secretary, and deputy secretaries of the 7th Guangdong Provincial CPC Committee and of the Guangdong Provincial CPC Commission for Discipline Inspection.

Secretary of the provincial party committee: Xie Fei;

Deputy secretaries of the provincial party committee: Zhu Senlin, Zhang Guoying, and (Huang Fanghua);

Standing committee members of the provincial party committee: Xie Fei, Zhu Senlin, Zhang Guoying, (Huang Fanghua), Wang Zongchun, Fu Rui, Lu Ruihua, Gao Siren, Li Youwei, Liang Guangda, (Sun Yuzhu), Lu Zhonghe, Zhang Gaoji, Ou Guangyuan, and (Chen Xiaozhi).

Secretary of the provincial commission for discipline inspection: Wang Zongchun;

Deputy Secretary of the provincial commission for discipline inspection: (Tang Leshu), Chen Wenhuan, and (Zhu Shuping).



Standing committee members of the provincial commission for discipline inspection: Wong Zongchun, (Tang Leshu), Chen Wenhuan, (Zhu Shuping), (Fang Peiniu), (Li Hanxin) (Female), (Jiang Qinglin), and (Cheng Jin-chu).

#### **Standing Committee 'Younger'**

*HK2805011893 Hong Kong THE STANDARD in English 28 May 93 p 8*

[By Meimei Chan in Guangzhou]

[Text] The Guangdong Communist Party Standing Committee elected yesterday characterises a desire for fast-track reforms, as most of the leaders are experts in economic or technological areas, officials note.

Politburo member and party provincial Secretary Xie Fei will remain the province's party chief for another five years. Guangdong governor Zhu Senlin was made deputy party secretary with incumbent Zheng Guoying. Former party secretary-general Huang Huahua was promoted to be the third deputy party secretary.

Among the 15 Standing Committee members, five held senior positions with the provincial government, including most of the deputy and vice-governors. This is to improve co-ordination between the party and the government. A vice-governor, On Guangyuan, who has handled agricultural policies in Guangdong, will also be responsible for agriculture matters for the provincial party. Other vice-governors among the Standing Committee include Lu Ruihua and Zhang Gaoli, who are economic experts.

Much emphasis has been given to economic development since Guangdong is the pioneer of China's economic developments. Education and technology is another important factor as another vice-governor and expert in this field, Lu Zhongha, also secures a seat on the Standing Committee.

The composition of the Standing Committee has also been a strengthening of links between local and provincial governments, according to Xie. Zhuhai Mayor Liang Guangda, Shenzhen Mayor Li Youwei and Guangzhou party secretary Gao Siren also have been elected.

The average age is only 52.6 years old—4.8 years younger than the previous committee, Xie said. "A younger committee would guarantee our leadership to remain stable as we would not always be troubled by the problem of retirement," he said. A younger leadership in the province would also inject much-needed vitality to further economic reforms, he said. He stressed that pragmatism would be the guiding principle for them.

Xie also suggested that they would step up co-operation with Hong Kong, especially in trade as Guangdong moved towards the international market.

#### **Figures on Shantou Drug Crackdown, Arrests**

*HK2805013793 Beijing ZHONGGUO XINWEN SHE in Chinese 1230 GMT 24 May 93*

[By reporter Lin Kunming (2651 2492 2494)]

[Text] Shantou, 24 May (ZHONGGUO XINWEN SHE)—From January to April this year, Shantou City cracked a total of 40 drug cases and arrested 108 suspects.

Yang Wufeng, deputy bureau chief of Shantou City Public Security Bureau, said that among the suspects caught, eight were drug addicts and traffickers, 98 were drug addicts, and two were people providing sites for drug addiction; and a total of 66.5 gram of heroin was seized.

Shantou City police said: In order to contain the spread of drug addiction and trafficking, we will more vigorously investigate key places and units, intensify anti-drug propaganda, and mobilize the masses to inform against and expose drug cases. In particular, it is necessary to take extremely stern measures to punish those involved in various drug crimes.

#### **Guangxi Secretary on County Comprehensive Reform**

*HK2805060093 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 23 May 93*

[Excerpt] A two-day autonomous regional work meeting on experimental comprehensive reform at the county level ended on 21 May. The key subjects of this meeting are: Summing up and exchanging experience of the autonomous region's experimental comprehensive reform at the county level; further defining the tasks of the experimental comprehensive reform work; intensifying leadership over the work; accelerating reform speed; and initiating a new situation, thus pushing forward comprehensive reform as a whole in cities and rural areas.

Representatives of the 22 units selected for the experimental comprehensive reform at the county level throughout the autonomous region and persons in charge of relevant units at prefectural, city, and district levels, totaling approximately 80 people, attended the meeting, and 14 representatives passed on their experience at the meeting.

Zhao Fulin, secretary of the autonomous regional party committee, delivered an important speech. He particularly dwelt on the following three issues:

1. The objectives of the experimental comprehensive reform at the county level. At present, in-depth reform is being carried on in our country. In particular, the 14th party congress definitely pointed out that the objective of reform is to establish a socialist market economic structure. The experimental comprehensive reform at the county level should center around this objective, sum



up experiences, and make bold exploration. As far as the cadres at various levels are concerned, their ideology and concepts should undergo great changes. When we undertake rural work, we should lead the peasants and rural enterprises toward markets. Today, the gaps and grades in rural areas have widened in terms of economic development. Peasants in some counties have had their per capita income increased by more than 100 yuan a year, but only an increase of 20-30 yuan was registered for peasants in other counties. Why was there such a difference under the same conditions? It is because some counties have a quick understanding and firm determination on socialist market economy; hence, they paid early attention and made prompt changes in work. As a result, they achieved prosperity earlier than others. However, some counties did not sufficiently heed and study this matter, but stuck to their old ideas, methods, and ways. In consequence, the rural economy in these counties failed to attain rapid development, and the gap between them and the abovementioned counties widened. That is why these issues in rural areas should be seriously resolved through the establishment of a socialist market economic structure and the acceleration of rural economic development.

2. The tasks of the selected counties for experimental comprehensive reform. The said tasks are to carry out comprehensive rather than single-item reform. We should consider them with an extensive and overall point of view and make a plan for it. In implementation, however, we will carry out the plan step by step. The concrete tasks include: 1) We will vigorously readjust the agricultural structure and guide peasants toward markets. It is high time that we readjusted the agricultural structure. Taking agriculture as a whole, we should lay proper hold on farming as well as forestry, animal husbandry, aquaculture, township and town enterprises, and others. In the course of readjusting the structure, we should strive by every possible means to reap bumper harvests in grain and other crops. It is all the more important to increase peasant income. 2) We will transform the operational structure of enterprises, perfect various contract responsibility systems, and disseminate joint-stock system in various forms. 3) We will streamline administrative structures and change functions. Streamlining administration is aimed at changing functions, reducing financial spending, and accumulating more funds for construction. This time, streamlining administration calls for all personnel to undergo changes. Most of them will be diverted to running economic entities with their positions in the original units still reserved for three years. Functions must be changed after administration is simplified. Government departments should exercise intensified regulation and control at the macro level but relax control at the micro level. 4) We will delegate powers to townships and towns. 5) We will institute and amplify a socialized service system. 6) We will see to it that peasant burdens are alleviated in rural reform.

3. Intensification of leadership. The experimental work of comprehensive reform at the county level must be

included as a major item on the agenda of party committees and governments and attended to as an important matter. It is necessary to constantly heed and discuss the issue of how to carry out rural reform penetratingly. In particular, the autonomous regional, prefectural, and city authorities should take seriously the issue of how to do a good job of comprehensive reform in selected counties, and various departments of the autonomous region should support the selected counties in making bold exploration. In a bid to carry out comprehensive reform, leading cadres in party committees and governments should take hold of the work personally. They should strive by every means to draw up specific plans and summarize experience by the end of this year so that they can be popularized in the entire region next year. [passage omitted]

#### Education Commission Approves Hainan Reforms

HK2805033593 Beijing ZHONGGUO XINWEN SHE  
in English 0930 GMT 27 May 93

[Text] Guangzhou, May 27 (CNS)—The State Education Commission recently gave approval to Guangdong Province to be a trial province in the reform of higher education for the whole country. This will further expand the province's decision-making powers in the running of schools.

When the higher education reform experiment comes into being, the decision-making powers in this sector will include the adjustment of professional colleges, decision-making on enrollments, the awarding of master's degrees and the appraisal and approval of specialist courses for self-supporting students' examinations.

Guangdong has been placing much importance on the reform and development of higher education in the province with such education being included in its overall strategy of realization of modernization within 20 years. The provincial government has decided that, starting from this year, except for poverty-stricken areas, all places will turn over one percent of revenue from their secondary and tertiary industries to the provincial financial department for investment in education, adding thereby RMB [renminbi] 500 million annually for its development.

According to the plan, the province will have 126 students studying in various kinds of colleges and universities for every 10,000 people in the province by the year 2000 with the figure being increased by 8.1 percent annually.

The province has submitted a concrete plan for the implementation of the experiment to the State Council for approval. Its contents include reform of the internal administration system in colleges and universities, the adjustment of the distribution of colleges and universities, the offering of specialties, the reform of student enrollment and allocation, the expansion of decision-making powers in the running of schools and the joint-running of colleges and universities.

**'Stronger Measures' Against Hainan Crime Urged**

HK2805033393 Beijing ZHONGGUO XINWEN SHE  
in English 1352 GMT 27 May 93

[Text] Haikou, May 27 (CNS)—Director of the Hainan Provincial Department of Public Security, Mr. Hu Zhihua, said today that since the beginning of this year a number of achievements had been made in public security work in Hainan, but the social order in the province as a whole was not all satisfactory. He said that stronger measures to crack down on criminals should be implemented to ensure stability within the province.

Mr. Hu made these remarks at a provincial conference of public security chiefs. He said that 752 criminal cases had been dealt with by public security organs so far this year with 68 of them being cases of road robbers. Three large-scale campaigns had been conducted against prostitution.

Certain problems remain in the social order situation, he said, one being murder and robbery cases where a firearm is used. Others are road robberies, criminal gangs and increasing numbers of roving criminals bent on crime.

**Hainan Reforms Public Order Procedures**

HK2805093293 Beijing ZHONGGUO XINWEN SHE  
in English 0806 GMT 28 May 93

[Text] Haikou, May 28 (CNS)—The Hainan Provincial Department of Public Security recently adopted measures to reform its handling of public order.

The measures cover traffic, fire prevention and security services. The department has decided to set up 20 patrol groups in Haikou this year with police officers on round-the-clock patrol to curb crime, handle public order matters, ensure safety and carry out rescue services. A modern alarm and command system will also be created.

Massive checking of hotels and inns will be changed and their administration will be strengthened without resorting to raids, while the normal running of places of entertainment in business hours and in legitimate ways will not be disturbed.

Non-military demolition service companies will be able to be set up to purchase, transport, store and handle explosives and detonators and will serve entities and individuals legitimately making use of such articles.

The running of shooting ranges and saunas will be specially administered, while gambling and pornographic activities will continue to be prohibited.

**Southwest Region****Tibet Manufacturing, Industries Plans Viewed**

OW2705154093 Beijing XINHUA in English 1519  
GMT 27 May 93

[Text] Lhasa, May 27 (XINHUA)—The Tibet autonomous regional government has decided to concentrate on the growth of manufacturing and service industries over the next eight years.

A regional government official said that by the end of the century Tibet's farming industry was set to grow by five percent a year, manufacturing by 9.8 percent annually and the service sector by 10.7 percent a year.

He said Tibet will quicken the pace of transition from what he called a "natural economy" to a "commodity economy."

Tibet will try to boost those segments of manufacturing that have an ample supply of raw materials and a good market in China and abroad. These include woollen textiles, handicrafts, cement and timber processing.

The region's manufacturing industry turned out 1.89 billion yuan (about 331 million U.S. dollars) over the past five years, rising to account for 16 percent of the combined value of Tibet's industrial and farming output.

The official said that Tibet has decided to give top priority to the service sector to spur overall economic growth.

Over the next eight years Tibet will focus on the expansion of tourism, banking, real estate, transportation, post and telecommunications, education, information, consultancy, culture and medical care.

Currently, the service industry of the region has accounted for more than 41 percent of the total industrial output value, 13.4 percentage points higher than the nation's average.

At the turn of the century, output of the service sector, also including science, education, culture, and public health, is expected to amount to 2.69 billion yuan, about 45 percent of Tibet's gross domestic product.

**Lhasa Among Country's 'Least Polluted' Cities**

HK2805144693 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0914 GMT 28 May 93

[By correspondent Zhu Daian (2612 0108 1344)]

[Text] Lhasa, 28 May (ZHONGGUO XINWEN SHE)—According to the Tibet Autonomous Regional Environmental Monitoring Station, the ancient plateau city of Lhasa is one of China's least polluted cities, where the rivers are crystal clear and the air is fresh.

Tibet has paid great attention to environmental protection in recent years. Last year the state spent 3.9 million

yuan on a new environmental monitoring station in Lhasa, created three air sample collection points in Lhasa city and Lhasa He, established three river water monitoring stations, and set up 27 traffic noise testing points to collect scientific data with a view to improving the environment.

The results show that the air above Lhasa contains less than 0.1 mg [milligram] sulfur dioxide, a toxic gas, for each cubic meter of air—far below the state standard—and no trace of nitrogen-oxygen compounds.

Results also show that there are no heavy metal or micro-element pollutants such as lead, zinc, or copper in Lhasa He; nor is there any radioactive pollution caused by human agents. Even the natural micro-radioactive pollution that occurs at high altitudes is at normal levels.

The source says that, to go one step further in cleaning up Lhasa's environment, this year Tibet will remove the waste disposal plant near Lhasa He, will construct a sewage farm in a suburb west of Lhasa city, and will plant more trees in an effort to green the city. It is also planning to spend 2.54 million yuan building a monitoring station in Xigaze in the west and Qamdo in the east to form a modern environmental monitoring system in Tibet.

### Northeast Region

#### Heilongjiang's Agricultural Production Situation

SK2705114693 Harbin HEILONGJIANG RIBAO  
in Chinese 9 May 93 p 1

[By reporter Huang Kehuan (7806 0344 2719):  
"Heilongjiang Government Releases Agricultural Situation"]

[Excerpts] On 8 May, the provincial government reported to press circles the provincial agricultural production situation and the agricultural work priorities.

As introduced by Zhong Yuting, a provincial government spokesman and vice chairman of the provincial agricultural commission, since the beginning of this year, the provincial crops industry has developed toward the high-yield, good-quality, and highly efficient orientation; livestock production has steadily increased; town and township enterprises have tended to develop in a high-speed and highly efficient way; and the production of other trades has developed well. The province has finished the wheat sowing task, and the prefectures and cities that were ahead of others in field crop sowing are

nearing completion. As of 7 May, 64 percent of the field crops have been sown. It is estimated that all the paddy field crops will be sown except for the transplanting of the paddy field crops.

He said: This year, the province's sown areas is estimated to reach 1,306.8 billion mu, an increase of 3.17 million mu or 2.5 percent over the 1992 figure. The grain crop structure is characterized by "three increases, two decreases, and one remaining even." That is, areas sown with soybeans, Chinese sorghum, and food grains other than wheat and rice (including various kinds of beans) increased; areas sown with corn and wheat were reduced; and areas sown with paddy rice were basically stable. If calculated in terms of the production of ordinary years and current prices, the production of grain, soybeans, and potatoes will possibly be reduced. The areas sown with cash crops tend to increase, but the areas sown with sugar beets and flaxes are reduced. [passage omitted]

According to statistics, in the first quarter of this year, the output value of town and township enterprises totaled 6 billion yuan, an increase of 48.8 percent over the same period last year (of this, that realized by township and village collective industries increased 48.3 percent and that by individual industries increased 51.2 percent); and the town and township enterprises' total income, net profits, and taxes respectively increased 53, 65.9, and 60.8 percent. The development of fishery, forestry, and garden-based economy tends to be good.

He said that the major problems in the current agricultural production are as follows: First, some localities are hit by the drought. Second, the areas sown with major cash crops, such as sugar beets and flaxes, are reduced. This will bring about new difficulties to processing enterprises. Third, the peasants will reduce their chemical fertilizer and diesel oil input due to the shortage of funds and the expensive agricultural production means. Fourth, the production of milk cows in some localities is reduced because of the failure to pay the milk funds to the herdsman.

He pointed out: This year, the grain production will possibly be reduced with the aforementioned problems. Such a choice was made by the peasants under market indicators. Although the total grain production has decreased, the peasants' income will possibly increase. This is good. We should adopt measures for increasing per-unit production, optimizing varieties, and increasing efficiency to solve the problems of grain production reduction, that take place through the readjustment of the grain structure. [passage omitted]



### Cross-Strait Air Transportation Seminar Ends

OW2705003893 Beijing XINHUA Domestic Service in Chinese 1003 GMT 26 May 93

[By reporter Luo Kangxiong (5012 1660 7160)]

[Text] Shanghai, 26 May (XINHUA)—A two-day seminar on air transportation between the two sides of the Taiwan Strait concluded in Shanghai today. All participants from both sides of the Taiwan Strait reached a common understanding on the need to "seize the opportunity, strengthen cooperation, and bring about direct air services as quickly as possible."

During the seminar, participants presented very good ideas about developing China's air transportation services together, and they also put forward suggestions useful for solving many specific problems about direct air services. Wang Lian, president of the China Eastern Airlines, said: As an increasing number of countrymen in Taiwan have been investing and doing business in East China in recent years, direct air services between Taiwan and the region, particularly between Taiwan and Shanghai, will become essential. Air China Vice President Zhang Zhizhong [1728 1807 1813] said that it is the trend of the times as well as a common aspiration of the people on both sides of the Taiwan Strait to bring about direct, cross-strait air services. He believed Air China would be able to make direct air services a reality in the shortest time, once a consensus was reached between the two sides of the Taiwan Strait.

Delegates from Taiwan also believed that promoting exchanges and cooperation between aviation circles on the two sides of the Taiwan Strait and establishing direct, cross-strait air services was not only a pressing task but would also be a new milestone marking the course toward achieving prosperity on both sides. Professor Cheng Jiarui [Cheng Chia-jui, 4453 1367 3843], director of the Graduate School of Law under Taiwan's Soochow University, believed that the present trend toward economic integration between the two sides of the Taiwan Strait had made air transportation one of the key instruments for driving such economic development, as well as a pillar for cross-strait economic relations and trade in the future. The chairman of a Taiwan airline showed keen interest in achieving direct, cross-strait air services as early as possible. He said: Mainland air transportation services have achieved rapid development in recent years with the expansion of airports and the purchase of additional large passenger planes. From the standpoint of the public, and as an airline businessman, I hope that both sides will seek common ground while reserving differences so that direct air services will become a reality as early as possible.

Ke Deming, executive vice president of the Chinese Civil Aviation Association, said in his closing address: Today we have sown the seeds. We certainly will reap after we have cultivated and nurtured them. We believe that direct, cross-strait air services will become a reality. We encourage our Taiwan counterparts to invest in

development of aviation services and welcome them in carrying out all forms of cooperation projects with us.

### Commentary on 'No Way' for Taiwan To Join UN

HK2705105793 Beijing ZHONGGUO TONGXUN SHE in Chinese 0600 GMT 26 May 93

["Commentary" by Chu Ke (2806 1356)]

[Text] Beijing, 26 May (ZHONGGUO TONGXUN SHE)—A fever for entering the United Nations has recently emerged in Taiwan. When answering a reporter's question on Taiwan's recent attempt to join the United Nations at a news conference on the occasion of the third year of his presidency, "President" Li Teng-hui frankly said: Taiwan hopes to join the United Nations; however, there are many difficulties facing Taiwan in this effort. But this does not mean we will not find a way. "The main point is how much time will be devoted to the project. The CPC took 22 years. How much time will we take? It does not matter if it takes a long time. I do not think it will take 22 years."

Li Teng-hui's argument that "Taiwan can use time as a way to enter the United Nations" is worth discussing, because he has ignored the historical environment and the trend of events.

Li Teng-hui said that "they were quite clear" on how Taiwan withdrew from the United Nations. Judging from his remarks above, however, people can only doubt whether he really understands the situation under which Taiwan obtained a UN seat at that time and the situation under which it was expelled from the United Nations, or even whether he really wants to face the facts.

After 1949, the whole world entered a Cold War period of East-West confrontation, and, supported by the United States, Taiwan took one of the five permanent members' seats in the UN Security Council—a seat which China should have been entitled to. The Taiwan authorities should know what kind of role Taiwan played during the 22 years of its tenure as a permanent UN Security Council member, apart from following the United States' lead and doing whatever the United States said.

Following the relaxation of the Cold War, the irrational situation of Taiwan representing all of China in the United Nations immediately became a prominent issue and was denounced by the international community. More importantly, during this period, the PRC had gained an increasingly important position in the world, particularly among Third World countries, and its influence was expanding. The United Nations could no longer shut its door on a China which was growing stronger. Therefore, the 26th UN General Assembly session's resolution on "restoring the legitimate rights of the PRC in the United Nations" in 1971 explicitly announced: "Immediately expel Chiang Kai-shek's representatives from their UN seats and all the organizations they illegally occupy."



Li Teng-hui could not have been so totally ignorant of this historical fact to equate China's restoration to its UN seats at that time with Taiwan's present dream of entering the United Nations. He thinks that spending a certain amount of time will make this dream come true. If he is not intentionally disregarding history to misguide the Taiwan masses, he is truly ignorant.

Some press comments in Taiwan pointed out that Taiwan needs to use two methods to enter the United Nations: The first is to persuade two-thirds of UN members to support Taiwan and the second is to establish the "Taiwan Republic," as hoped for by Taiwan independence advocates. There is very little opportunity for these two methods to be successful, however, because the Chinese Government will not, under any circumstances, accept "two Chinas" or "one China, one Taiwan." This stand has been clear-cut and firm. Nor will the United Nations accept it. The majority of UN members recognize only one China, the PRC. It is impossible for these countries to abandon a China which is becoming stronger and whose international position is rising and to allow Taiwan to replace China's position in the United Nations. As for the establishment of a "Taiwan Republic"—if this is even slightly attempted, it could cause major turmoil on Taiwan island. In such a case, the Chinese Government will not sit idly by; it will take clear-cut measures. In view of this situation, there is no way for Taiwan to materialize its dream of joining the United Nations.

#### **Commentary Urges Taiwan Correct Trade Imbalance**

*OW2705144993 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 19 May 93*

[News commentary by station editor Yu Xin; from the "News and Current Events" program]

[Text] Listeners and friends, a trade imbalance between the two sides of the Taiwan Strait has been created owing to the fact that the mainland imposes few restrictions on Taiwanese products and Taiwan imposes more restrictions on the mainland's products. How can this trade imbalance between the two sides be evened up? Our station editor Yu Xin discusses this issue in a news commentary he has written. The news commentary says:

Owing to the mainland's increasingly larger trade deficits in its indirect trade with Taiwan, the pressure borne by the mainland has become increasingly greater. Statistics show the mainland accumulated a trade deficit as high as \$18.6 billion during the 13-year period of 1980-92, or an annual import surplus amounting to \$1.4 billion on the average. After posting a hefty \$3.5 billion in 1991, the deficit expanded even further to \$5.2 billion in 1992. Taiwan's trade surplus in 1992 mainly came from the mainland's market. Without its surplus with the mainland, Taiwan would have had a trade deficit.

There are many factors contributing to the mainland's trade deficits. First, Taiwan's export commodities,

which are well-made, reasonably priced, and have after-sales servicing, suit the mainland consumers relatively well. When purchasing imported goods, consumers buy what they think is a good buy. Notably since Taiwan has customarily supplied the raw and semifinished materials needed by its enterprises on the mainland, Taiwanese goods have easily had their share of the mainland's market.

However, we should also realize that the policies of both sides of the strait have also contributed to the mainland's increasingly larger trade deficits. Taiwan's economic and trade policy toward the mainland is one which is liberal for export but strict for imports. In terms of the commodities the mainland exports to Taiwan, they are controlled by a list which is quite inflexible. Not until recently did Taiwan begin to permit the importation of 498 kinds of agricultural and industrial raw and semifinished materials from the mainland. The importation of other commodities, including all finished goods, remains barred. In comparison, the mainland has relatively few restrictions for goods from Taiwan, thus creating the trade imbalance.

Taiwan's private investment on the mainland has been growing rapidly in recent years. Last year, Taiwanese businessmen invested in some 10,000 projects on the mainland, and indirect bilateral trade via Hong Kong reached \$7.4 billion. It is expected that the trade volume will reach \$10 billion this year. The enormous growth in trade (?induced by) investments is very obvious. The mainland's increasingly larger trade deficits are also an outcome caused by such investments. But this situation should be transitory in nature. It should be a temporary phenomenon in the initial stage of the development of cross-strait investment relations. Thus, we can say the mainland's relatively large trade deficits are the result of the lack of development of the mainland's potential in exporting its goods to Taiwan as well as the full development of Taiwan's potential in exporting its goods to the mainland.

To rectify the trade deficits between the two sides, we certainly should not reduce the import of Taiwanese goods, we should strive to achieve a balance, beginning with expanding cross-strait exchanges. During his talks with Gu Zhenfu [Ku Chen-fu, chairman of Taiwan's Foundation for Exchange Across the Taiwan Strait], Wang Daohan [president of the mainland's Association for Relations Across the Taiwan Strait] expressed the hope that, on the basis of the principle of reciprocity, Taiwan would further relax its control over Taiwanese businessmen's investment on the mainland, relax control over mainland imports, open Taiwan's labor market to the mainland, and permit the mainland's entrepreneurs to visit Taiwan and invest in Taiwan. From an economic and trade angle, Wang Daohan's remarks mentioned above indicated that, to rectify the current trade imbalance and bring about a virtuous cycle in cross-strait economic relations and trade, it is important to promote contacts and cooperation and mutually readjust our policies.

At the present stage, cross-strait economic exchanges and cooperation should be regarded as a top priority in the development of cross-strait relations, and political differences should not hinder economic cooperation. This being the case, it is not necessary for the Taiwanese authorities to set a limit to restrict cross-strait economic and trade contacts. A healthy and normal development of cross-strait economic and trade exchanges can only be achieved through readjusting policies and establishing mutual trust.

**PRC Pledges To Implement Wang-Ku Agreements**

*OW2805094293 Beijing XINHUA Domestic Service in Chinese 0803 GMT 28 May 93*

[Text] Beijing, 28 May (XINHUA)—The Association for Relations Across the Taiwan Strait [ARATS] sent a message to Taiwan's Strait Exchange Foundation [SEF] today, saying it will fulfill, abide by, and carry out in an

all-around way the four agreements signed during the Wang-Gu [Wang-Ku] meeting and that it will assist departments concerned to begin work related to these matters.

The Agreement on Institutionalized Contacts and Talks Between the Two Organizations, the General Agreement on the Wang-Gu Talks, the Agreement on the Use and Verification of Notary Certificates, and the Agreement on Inquiries and Compensation Concerning Registered Mail Across the Strait, which were signed by President Wang Daohan and Chairman Gu Zhenfu [Ku Chen-fu] on 29 April, come into force on 29 May.

The ARATS' message hopes the two organizations will, on the basis of the four agreements, strive to consolidate and expand the achievements of the Wang-Gu talks and strengthen their ties and cooperation to promote relations between the two sides of the Strait.

**Taipei 'Disappointed' With Shanghai Air Meeting**

*OW2605155493 Taipei CNA in English 1435 GMT 26 May 93*

[Text] Shanghai, May 26 (CNA)—It will be a long time before the two sides of the Taiwan Straits establish formal air links which are mutually beneficial and acceptable, Taiwan air transportation industry delegates who attended a meeting in Shanghai said Wednesday [26 May] morning.

Most of the 30-odd Taiwan delegates, from international and domestic airlines in Taiwan, were disappointed with the two-day meeting, which by accounts was a one-way communication with mainland authorities doing the talking.

Taipei representatives were disappointed with the mainland's pressing for quick direct air links between Taiwan and the mainland under a framework whereby Taiwan would be apportioned the status of a local government of China and the Taiwan route regarded as a domestic route.

Taiwan delegates finally got an opportunity to present their views on the last day of the conference, suggesting as a start that talks are initiated between the Taipei air transport dealers association and the China Civil Aviation Association and carried out on a monthly basis.

Ke Deming, director of the Civil Aviation Administration of China, proposed in his speech to the meeting yesterday that direct flights between Taiwan and the mainland start as early as possible under the principle of "one China, direct and bilateral transportation, and reciprocity."

Ke also declared that Taiwan airlines would be able to operate direct flights to Mainland China for an unspecified period and enjoy business benefits before their mainland counterparts.

Ke said the mainland air transportation market grew by a factor of 19 in a span of four short years between 1987 and 1992. Currently, the mainland maintains 500 domestic routes reaching 109 cities, and 58 international routes serving 53 cities in 38 countries, he said.

Since November 1987 when Taiwan lifted a ban on private visits to the mainland, people from Taiwan have made more than 4.2 million visits to the mainland for tourism, investment and visiting relatives. The in-bound flood of people from Taiwan has been indeed a contributing factor in the mainland's air transportation boom, he commented.

He said there are currently 12,000 Taiwan-financed companies operate on the mainland with total investment capital reaching US\$7.5 billion. "It is pitiful that such a huge amount of air transportation between the two sides should have to be handled through a third place, namely Hong Kong, costing not only money but also time," Ke added.

In Taipei, Kao Koong-lian, vice chairman of the Mainland Affairs Council, urged the meeting delegates not to harbor any fantasies about direct flights with the mainland, saying such a development is impossible while Beijing refuses to recognize the ROC [Republic of China] as an independent political entity and drop its threat to use force against Taiwan.

**Taipei, Beijing Probe 'Liquid Heroin' Seizure**

*OW2605144493 Taipei CNA in English 1415 GMT 26 May 93*

[Text] Taipei, May 26 (CNA)—Two men were nabbed Tuesday [25 May] for smuggling "liquid heroin" from mainland to Taiwan, the first seizure of its kind in Taiwan drug enforcement history.

According to officials of the Bureau of Investigation, Tsai Ming-yang, 39, and Chiang Teng-yi, 30, two residents of Sanchung in suburban Taipei, went to Kunming in southern China on April 26 where they bought 11 heroin bricks weighing about four kilograms.

The duo brought back two bricks of the heroin to Taipei on May 24, dissolved in water and contained in a maotai liquor bottle, bureau officials said.

The two men admitted that nine other bricks remained in a friend's house in Kunming.

The police are probing the case from both Taiwan and with the help of mainland authorities.

**Intellectual Property Rights Bureau Planned**

*OW2605123193 Taipei Voice of Free China in English 0200 GMT 16 May 93*

[From the "News" program]

[Text] The Ministry of Economic Affairs will establish an Intellectual Property Rights Affairs Bureau under its authority prior to the establishment of a cabinet-level administration for the job.

According to a reliable source with the Economics Ministry, the bureau will deal with intellectual property rights registration and administration. Currently, seven agencies under the authority of different ministries handle such matters. The source noted long-time plans also call for the establishment of specialized regional courts that will try intellectual property rights cases.

In related news, Economics Minister P. K. Chiang left for the United States Saturday [15 May] to address a conference of the U.S.-ROC [Republic of China] Economic Council and meet with high-ranking trade officials and congressmen to discuss issues related to intellectual property rights.

Local newspapers reported that Chiang will meet with the U.S. Commerce Secretary Ronald Brown and the

U.S. Trade Representative Mickey Kantor during his one-week tour, but officials in Taipei declined to confirm or deny this.

#### **Government To Discuss Copyrights With U.S.**

*OW2705082793 Taipei CNA in English 0741 GMT 27 May 93*

[Text] Taipei, May 27 (CNA)—The government will seek to redress discrepancies in Taiwan's copyright agreement with the United States, a ranking official said Wednesday [26 May].

Conceding that stipulation of the agreement is somewhat incomplete, Vice Economic Affairs Minister Sheu Ke-sheng pledged that his ministry will take steps to help resolve disputes causing from the accord. [sentence as received]

Sheu made these remarks after domestic manufacturers complained that the copyright pact has adversely affected their business interests.

The complaints mounted after the U.S. District Court in Tucson, Arizona, recently ordered the two Taiwan firms NTDEC and Nintendo Electronic Co. to pay U.S.\$24 million in damages to Nintendo of America, Inc. for selling counterfeit Nintendo video game cartridges in the United States.

While the two firms have decided to appeal the verdict, some executives of the information industry here pointed out that the "Nintendo" issue reflected aftereffects of the copyright agreement.

The vice minister, however, declined to talk on the issue, saying "it's improper to comment on a lawsuit."

#### **Paraguay Economic Cooperation Meeting Opens**

*OW2705141893 Taipei CNA in English 1338 GMT 27 May 93*

[Text] Taipei, May 27 (CNA)—The Republic of China [ROC] government Thursday agreed to grant a loan of U.S.\$8.27 million to Paraguay to help finance the development of small and medium enterprises in the South American country.

The loan will be issued through the Overseas Economic Cooperation and Development Fund under the Ministry of Economic Affairs, ministry officials said.

The Economics Ministry also encouraged Taiwan businesses to help explore Paraguayan resources and develop industries there through joint-ventured operations.

The sixth Republic of China-Paraguay economic cooperation conference opened today [as received] in Taipei with its agenda focusing on cooperative programs in trade, agriculture and investment.

In addition to the loan, Taipei also promised to offer technical know-how in the computer, audio and video equipment manufacturing industries, and sugarcane farming.

The two sides also agreed to sign an accord to prevent double taxation.

#### **President Meets Asia-Pacific Jaycees Conferees**

*OW2705154893 Taipei CNA in English 1501 GMT 27 May 93*

[Text] Taipei, May 27 (CNA)—President Li Teng-hui on Thursday [27 May] attributed pragmatic financial policies, an industrious laborforce, universal education, flexible small- and medium-enterprises and a smoothly evolved economy as the five major factors which have given rise to the so-called "Taiwan experience."

"If not for a stable and peaceful social and political climate, these five ingredients may never have merged in Taiwan," Li told some 500 Jaycees members from 27 countries in an audience at the presidential office.

The 43rd Junior Chamber International Conference in Asian & Pacific area opened this afternoon at the Taipei International Convention Center with more than 7,000 World JCI members participating.

An environmental protection summit, sponsored by the Pateh Junior Chamber in northern Taiwan, was held this morning to launch the JCI international conference with dozens of experts and scholars from home and abroad taking part.

In his keynote speech to the Environmental Protection Summit, Robby Dawkins, chairman of the JCI World Federation, called on all junior chamber members in the world to try hard to work out effective measures to protect the environment before it is too late.

The main purpose of the summit is to discuss policy and methods relating to environmental protection, in the world at large and in Taiwan, and to appeal to the world to pay closer attention to the vital importance of global environmental protection.

#### **Addresses Conference Opening**

*OW2705161693 Taipei CNA in English 1530 GMT 27 May 93*

[Text] Taipei, May 27 (CNA)—President Li Teng-hui Thursday [27 May] called for closer economic cooperation among countries in the Asian Pacific rim so as to help promote prosperity for the region.

Speaking at the opening of the 43rd Junior Chamber International Conference in Asian and Pacific area, the president said that Asian-Pacific countries should serve as a driving force for the world's economic development in the future and support the multilateral trading system for the sake of safeguarding the interests of their own and the world as a whole.



President Li pointed out that it is very difficult for countries in the region to form such a trading bloc as the North American Free Trade area or the European Community because of differences in their political and economic systems as well as cultural background.

But with advanced technology, sufficient capital and high quality labor force in Japan and "Four Little Tigers" and cheap workers and abundant natural resources in the Southeast Asian region, closer cooperation among these countries will surely help secure economic growth and prosperity for the region, he added.

Some 6,000 JCI members from the world are participating in the four-day meeting being held at the Taipei World Trade Center.

**Group Asks Cable TV To Pay for Music Rights**

OW2605122993 Taipei Voice of Free China in English  
0200 GMT 23 May 93

[From the "News" program]

[Text] Cable television operators are being asked by the ROC [Republic of China] Music Rights Organization to pay for their rights to music they broadcast during program intermissions or on KTV Star channels. But the organization is having difficulties finding the cable TV operators since they are illegal and refuse to work with the organization.

A spokesman for the ROC Copyright Society said the three national television channels will pay for the rights to the music they use.

## Hong Kong

### PRC, UK Prepare for Fourth Round of Talks

#### PRC Officials on 'Obstacle'

HK2705152993 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1234 GMT 27 May 93

[Text] Hong Kong, 27 May (ZHONGGUO XINWEN SHE)—The Hong Kong Legislative Council yesterday passed at lightning speed the "Draft Ordinances on the Division of Constituencies and the Electoral Affairs Commission," just when China and the UK were preparing to hold the fourth round of talks on Hong Kong's 1994-95 electoral arrangements. Zhang Junsheng, deputy director of the XINHUA NEWS AGENCY Hong Kong Branch, today referred to the move as an obstacle deliberately created by British Hong Kong to interrupt and undermine Sino-British negotiations.

At a ceremony held for the relocation for the Hong Kong Special Administrative Region Land Funds secretariat office, Zhang Junsheng said in reply to reporters' questions that China and the UK are negotiating for Hong Kong's 1994-95 electoral arrangements on the basis of the "three conformities." All Hong Kong citizens are hoping that the Sino-British negotiations will yield positive results as soon as possible. British Hong Kong's passage of the bill before the two sides could reach any agreement can only be seen as a deliberate act creating obstacles to interrupt and undermine the Sino-British talks.

Zhang Junsheng stressed that nothing pertaining to the 1994-95 electoral arrangements can be valid if it has not been discussed and agreed upon by China and the UK, in whatever form it is passed or decided.

Zhou Nan, director of the XINHUA NEWS AGENCY Hong Kong Branch, said on the same occasion: The Chinese Government has been strictly following the Sino-British Joint Declaration and is devoted to maintaining Hong Kong's prosperity and stability. Our basic point of departure in handling any issue which concerns Hong Kong is the Hong Kong people's direct and fundamental interests. Hong Kong's livelihood and social development are great concerns of ours. We will deal with any matter seriously and in a positive attitude as long as it is good for maintaining Hong Kong's long-term prosperity and is in the Hong Kong people's best interest.

He said that the Sino-British Land Commission recently has come to an agreement on this year's land sales. The Sino-British Joint Liaison Group has also agreed on the franchises for Hong Kong Electric, Cable Television, and the landfill project in the western New Territories. All these were considered and dealt with in the above-mentioned spirit.

Zhou Nan said: In the future, we will handle problems that arise with the new airport project and any other

similar issues in the same spirit. We sincerely hope that China and the UK will approach the ongoing Sino-British talks with the same sincerity, so that the talks can produce a complete success on the basis of the "three conformities."

#### Lu Ping on Prospects of Talks

HK2805101193 Hong Kong TA KUNG PAO in Chinese  
28 May 93 p 12

[Report: "District Board Member Quotes Lu Ping as Saying It Depends on the British Side Whether Agreement Can be Reached"]

[Text] Lu Ping, director of the State Council Hong Kong and Macao Affairs Office, told a Hong Kong delegation of district board members visiting Beijing: We hope China and the UK can reach an agreement that is conducive to Hong Kong's stable transition and smooth transfer of power, but this cannot be decided unilaterally. If the British side is not sincere, it may be impossible to reach an agreement.

The visiting delegation of Hong Kong district board members met with Lu Ping on 20 May. Wong Shiu-ye, a member of the delegation who is a member of the Kowloon City District Board and the Urban Council, yesterday summed up the results of the delegation's meeting with Lu Ping.

Wong said: The delegation conveyed the district board members' views on Sino-British talks and constitutional issues to Lu Ping, holding that it is necessary to develop Hong Kong's democratic system step by step in an orderly fashion and that China and the UK will be able to reach an agreement in Hong Kong's interest.

He quoted Lu Ping as saying: The Chinese Government is taking an attitude of having good faith and hoping for an agreement. Our starting point is that we hope Hong Kong will continue to be an international banking center after 1997, will preserve its original way of life and, in line with the Basic Law, will achieve a high degree of autonomy in which the Hong Kong people rule Hong Kong. He hoped that China and the UK can reach an agreement conducive to Hong Kong's stable transition and smooth handover. He added, however, that this does not depend on wishful thinking. If the British side is not sincere, it is also possible that the talks will fail.

Lu Ping reaffirmed to the visiting delegation: Even if the talks on the constitutional reform package fail and we have to act according to the Basic Law after 1997, it will not be a serious matter; nor will it have excessive repercussions on Hong Kong. That is why the National People's Congress has specifically set up the Preliminary Work Organ of the Preparatory Committee of the Hong Kong Special Administrative Region. Whether or not the talks are successful, there is only a little over four years left. We have much work to do, but this does not mean that we will interfere in the UK's rule over Hong Kong in the run-up to 1997.

### PRC, UK Start 4th Round

OW2805045293 Beijing XINHUA in English 0427  
GMT 28 May 93

[Text] Beijing, May 28 (XINHUA)—China and Britain began their fourth round of the talks on the arrangements for the 1994/1995 elections in Hong Kong here this morning.

Jiang Enzhu, the Chinese Government representative and vice-minister of foreign affairs, and Sir Robin McLaren, the British Government representative and British ambassador to China, held the talks.

The Chinese and British sides have agreed that the two-day talks will be held in accordance with the Sino-British Joint Declaration, the principle of convergence with the basic law and the relevant agreements and understandings reached between China and Britain.

Jiang told reporters prior to the talks that China's principled position on the talks is very consistent and clear.

When asked to comment on the reopening of talks by the airport committee under the auspices of the Sino-British Liaison Group, Jiang said this fully shows that China is working hard for the prosperity and stability in Hong Kong.

Sources said the talks is expected to reopen on June 4 in Hong Kong.

Jiang said that progress in the talks requires sincerity from both sides.

McLaren said there is a short gap between this round of the talks and the last one, adding that they will make good use of the two days of the talks.

The fourth round of the talks will be held behind closed doors like the previous rounds.

### Editorial on Call for Information From Talks

HK2705024493 Hong Kong SOUTH CHINA  
MORNING POST in English 27 May 93 p 18

[Editorial: "Rare Show of Unity"]

[Text] It is a rare occasion when rival camps within the Legislative Council [Legco] agree on an issue. It is even rarer when that issue involves constitutional matters. Yet this is precisely what occurred last night when conservative and liberal legislators spoke in one voice urging the government to reveal the agenda and progress of the current Sino-British talks on Hong Kong's future political reforms. That legislators feel the need to pressure the government into releasing as much information as possible on the talks is indicative of the level of distrust that many in Hong Kong feel when Britain and China sit down to discuss the territory's future.

Recent history shows that Beijing and London have been too willing to negotiate Hong Kong's future without the territory having a direct say. Yesterday's motion debate by United Democrat Mr Yeung Sum indicates the distrust is such that legislators believe only public scrutiny will keep the British side on the straight and narrow.

To take Britain's promise of "no secret deals" at face value would be considered naive in the extreme, although both sides will no doubt be ready to leak details at sensitive moments if it suits their negotiating needs.

While it is perfectly reasonable for legislators to want to be kept fully informed of the progress of the talks, they should be careful not to overstep the mark by seeking full disclosure of either side's negotiating position while the talks are underway. No sensible diplomatic negotiations can take place if either side is pressured to reveal its position at every turn.

However, Hong Kong people should be provided with regular briefings and joint communiques on the progress of the talks, if only as an assurance that no secret deals are being done. If Mr Chris Patten followed the United Democrats' advice and tabled his proposals in Legco tomorrow, China's inevitable exit from the talks would make a secret deal more, not less, likely.

But fear that the Governor's constitutional plans will be quietly dropped is not the only motive. If it were, the Liberal Party would not be backing the United Democrats. The truth may be that both parties are trying to show they are nobody's lapdog. The United Democrats want to show themselves independent of the governor while the Liberals, not to be outdone, are determined to show themselves ready to jump on any publicity bandwagon going to prove their credentials to the Hong Kong voter.

### PRC-UK Talks on HK Defense Set for Jun

OW2805114993 Beijing XINHUA in English 1120  
GMT 28 May 93

[Text] Hong Kong, May 28 (XINHUA)—The 11th round of talks between experts of the British and Chinese sides of the Joint Liaison Group to discuss matters relating to Hong Kong's future defence and public order will be held in Hong Kong on 1 and 3 June.

This was announced by the Chinese Representative Office of the Joint Liaison Group here today.

The Chinese team will be led by Chinese representative Luo Jiahuan.

The British team will be led by British representative Alan Paul.

They will be assisted by experts from the two sides.

**Talks on Airport Financing To Resume 4 June***HK2805012693 Hong Kong SOUTH CHINA  
MORNING POST in English 28 May 93 p 2*

[Article by "Our Political Desk"]

[Text] China and Britain have agreed to resume talks on the Chek Lap Kok airport financing plan on June 4, raising hopes that the multi-billion dollar scheme will soon receive Beijing's blessing. The Joint Liaison Group Airport Committee has not met for seven months, its deliberations ensnared in the political dispute over democratic reform proposals. Beijing's further step in showing co-operation with Britain has promoted legislators and business leaders to hail the news as signalling a warming in Sino-British relations.

Investors jumped into the stock market on rumours that talks were going ahead, pushing the Hang Seng Index up 97.52 points to a record 7,447.24. Foreign investors, particularly those from China and the United States, contributed a substantial share of the \$6.32 billion turnover on the day.

One broker described the reaction to the airport news as a celebration. "You know it's coming but when it happens you pop the cork and have a bottle of champagne," he said.

It is understood that the two sides discussed three or four possible dates for the meeting but the British side chose June 4 as that was the earliest.

Officials said that if an early agreement could be reached at the Airport Committee, the Government expected it could still meet the 1997 opening date of the new airport without adding to the price tag of \$170 billion for the whole scheme.

British team leader Mr Tony Galsworthy confirmed that informal discussions with the Chinese side on airport financing had been going on for a while. "In the course of that, we have discussed variations to the plan we put forward last year. I am sure we should continue at the (new) meeting to discuss that," he said.

Delighted at the resumption of talks, the Governor, Mr Chris Patten, said: "I very much hope that can help lead to a speedy conclusion because the faster we got this tied up, the better for everyone."

There is still no indication when a full meeting of the JLG might go ahead. Chinese team leader Mr Guo Fengmin said he hoped the plenary session could be held next month. And he hoped progress could be made in next week's airport meeting, adding that whether the talks would last for more than a day would be decided at a later stage. He declined to say whether the Chinese side had received a new financial proposal from its counterpart.

The two sides are deadlocked over how to reduce the financial burden left to the future Special Administrative

Region (SAR) Government. China demanded the British side eliminate the need for providing a total of \$21 billion callable equity to the Mass Transit Railway Corporation and the Airport Authority. But Britain counter-proposed that that would require the contribution of the SAR Land Fund as extra equity injections to the corporations.

A Chinese source said Beijing found the proposed level of borrowing to fund the new airport and its rail link was still too high and needed to be cut. "It is expected that the Airport Committee will hold several rounds of talks to discuss the new financing plan. It is unrealistic to expect the issue to be wholly resolved within a very short time," he said.

**Editorial Criticizes Backdown on Piracy Protest***HK2705040593 Hong Kong SOUTH CHINA  
MORNING POST in English 27 May 93 p 18*

[Editorial: "Holding Back on Piracy"]

[Text] The United Nations, as Chinese dissident Shen Tong discovered when he was banned from holding a press conference in the international organisation's New York headquarters, is not the forum for embarrassing China. Now it is the Marine Department's turn to learn that galling lesson. This time, however, it is not the work of UN Secretary General Mr Boutros Boutros-Ghali, but an act of pre-emptive self-censorship by the Security Branch.

Long before the Foreign Office officially intervened, the Branch was putting the Marine Department under extreme pressure to tone down its remarks about attacks on shipping. It was also passing notes to London arguing that armed attacks on shipping in the South China Sea by uniformed officers cannot be classed as piracy, which can technically be committed only by private individuals.

But piracy by any other name remains piracy. As the regional centre for search and rescue operations, Hong Kong has a remit to safeguard shipping within a range of 800 kilometres. Its reputation as a port and the integrity of its shipping lanes are under threat and the lives of seamen are constantly at risk.

Hong Kong's protests through the local branch of the New China News Agency and occasional messages of displeasure through the Foreign Office have had no measurable effect. Yet now, in the one forum where its protest might be more widely and seriously regarded, the Government is biting its tongue.

Naturally, it is embarrassing to take China to task in such a forum, especially when relations with Beijing continue to run hot and cold.

But quiet diplomacy has failed. If Hong Kong cannot use its membership of such international bodies effectively and courageously when it is still a dependent territory of the United Kingdom, what hopes does it have of defending its integrity after 1997?



**END OF**

**FICHE**

**DATE FILMED**

2 JUNE 1993

